English Version

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KATITAS Co., Ltd.

Financial Results Presentation

For the First Three Months of the 47th Fiscal Year Ending March 31, 2025 (FY2024)

Aug 6, 2024

Before



After



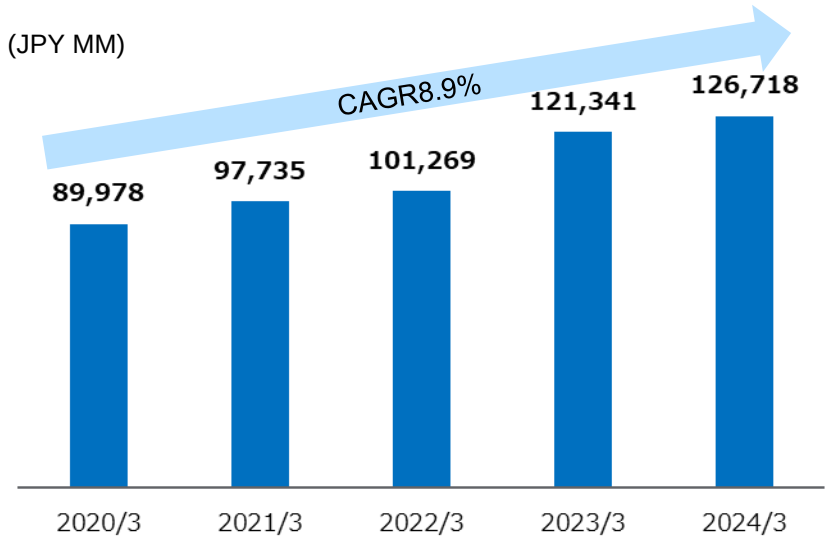
(Securities Code: 8919, Prime Market of TSE)

Presentation Highlights

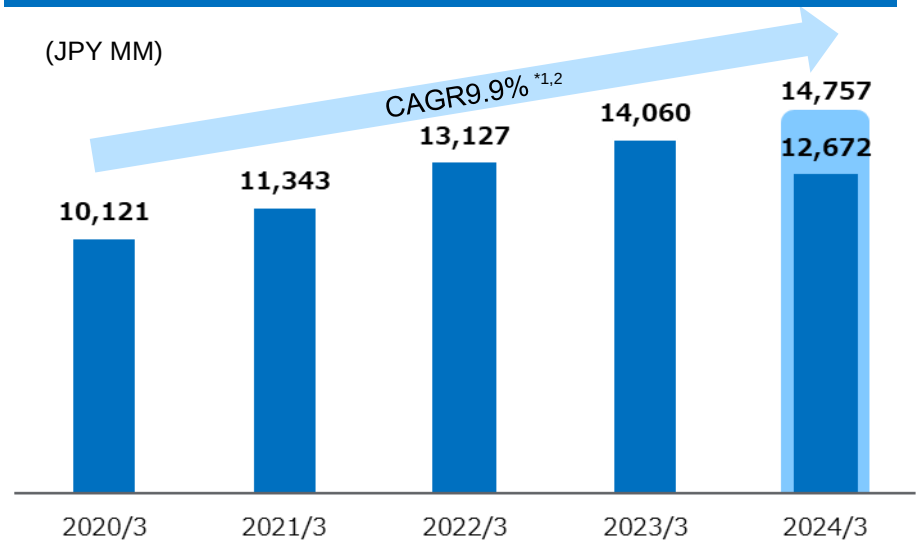
1.	Overview of Financial Results for the First Three Months of the FY2024 (Ending March 31, 2025)	P3-P12
2.	Management Plan for FY2024 (Ending March 31, 2025)	P14-P22
3.	Overview of Business Model	P24-P44
4.	APPENDIX	P46-P58

1. Sales and Operating Profit Trend

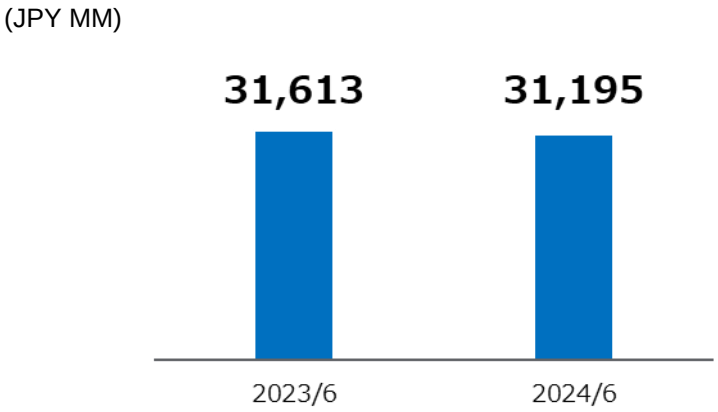
Historical Net Sales (FY-base)



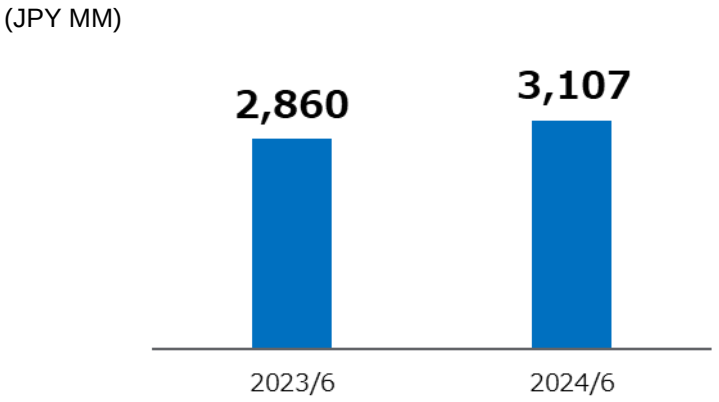
Historical Operating Profit (FY-base)



Historical Net Sales (FY2024 1Q)



Historical Operating Profit (FY2024 1Q)



(1) For details on adjusted items, please see the Adjustment Item List on slide 10.
(2) When calculating the CAGR for operating profit, impact from FY2023 was measured using adjusted operating profit.

1. Highlights of Financial Results for 1Q FY2024 (Apr - Jun 2024)

	(JPY MM)	FY2023 1Q	FY2024 1Q	YoY
Sales	**Net sales**	**31,613**	**31,195**	**-1.3%**
	Number of properties sold	1,789	1,786	-0.2%
	Gross profit margin (%)	21.2%	22.4%	+1.2pt
Profit	SG&A expenses	3,829	3,868	+1.0%
	Operating profit	**2,860**	**3,107**	**+8.6%**
	Operating profit margin (%)	9.0%	10.0%	+0.9pt
Key indicators	Inventory real estates	54,151	51,144	-5.6%
	ROA (LTM) (1)	**20.8%**	**18.2%**	**-2.6pt**

■ **Number of properties sold remained roughly level; market conditions recovered at a moderate pace**
- KATITAS: Delivery count decreased slightly due to inventory shortages observed at the outset of FY2024 and price hikes implemented at the beginning of April; number of inquiries (“responses”) (2) from customers grew despite inventory shrinkage
- REPRICE: Market conditions recovered gradually; efforts undertaken by KATITAS to sell REPRICE properties as a broker contributed to an increase in the number of properties sold; REPRICE properties accounted for 25% of properties sold, roughly same as previous years

■ **Gross profit margin improved both YoY and QoQ**
- KATITAS: Measures to improve gross profit have been ongoing since FY2023 and continue to contribute positively to performance; gross profit margin reached a record high
- REPRICE: Gross profit margin was low due in part to the delivery of long-term inventory contracted in 4Q FY2023; discounted properties from builders of new homes have decreased, and gross profit margin is expected to recover gradually during 2H

■ **Operating profit rose; growth in gross profit per property contributed**
- SG&A expenses slightly increased due to higher personnel expenses from increased headcount, recruitment expenses for additional hiring, and advertising expenses, while brokerage fees decreased
- On May 30, 2024, the Tokyo High Court ruled to dismiss the Company’s claims regarding consumption taxes. The Company finds this decision unacceptable and has filed an appeal to the Supreme Court. Generally, the Supreme Court requires at least one year from its decision to accept an appeal before it delivers a ruling. However, if Supreme Court chooses to reject the appeal, this decision could come within six months at the earliest
- Even if the Supreme Court rules against us, there will be no impact on operating profit or lower due to the recording of special losses

■ **Purchasing activity is increasing in volume and prospective deals are on the rise**
- Houses purchased in 1Q: 1,777 (+4.6% YoY)
- Focused on purchasing activities during 1Q; we continue to carefully select and assess properties but considerable time is required before our purchasing activities result in actual purchases. Number of houses purchased in July was up 10% or more YoY
- Supply of housing stock in the pre-owned housing market is growing; purchasing environment looks favorable with prospective purchases on the rise
- Purchase prices: Purchase prices continued their gradual decline, dropping QoQ

(1) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-June of previous FY and end-June of current FY

(2) Number of inquiries (responses): The number of inquiries to property ads posted by KATITAS (parent) on its own website or other real estate portal sites. Includes telephone inquiries, e-mails, and requests for information to stores and call centers. The lead time between the receipt of an inquiry to delivery (sales booking) is about two to three months.

1. Progress Versus Management Plan for FY2024 (Ending March 31, 2025)

- Progress toward achieving the plan is generally in line with expectations; the gross profit margin was higher than initially projected, and we expect increases in both number of properties sold and houses purchased starting from 2Q
  - ✓ Average price per sale: Lower than projected due to strong sales of low-priced products and the expansion of our inventory of low-priced renovated properties; consequently, variable expenses (brokerage fees, etc.) were lower than expected
  - ✓ Properties sold: Lower than projected due to an initial inventory shortage and our focus on purchasing activities
  - ✓ Gross profit per property sold: Above forecast; expect to continue observing positive effects from measures to improve gross profit during 2Q and beyond; further improvement targeted through the replacement of long-term inventory moving forward
  - ✓ Houses purchased: Below forecast; despite focusing on purchasing activities, we remain committed to a selective purchasing strategy that emphasizes profitability; shortfall also due in part to the Japanese government's enactment of mandatory inheritance registration requirements, which have delayed administrative procedures performed by some district legal affairs bureaus; due to seasonal factors, purchasing tends to begin accelerating during 2Q; accordingly we intend to continue focusing on securing inventory moving forward
  - ✓ REPRICE: Operating profit below forecast; gross profit margin higher than initially projected; purchasing activity on the rise while efforts promoting KATITAS's brokerage of REPRICE properties are underway
- Conditions in the detached house market appear to have bottomed out and are expected to recover moving forward; gradual rebound expected as number of new properties offered at significant discounts by builders declines
- Impact from rise in interest rates not particularly noticeable or significant

(JPY MM)	FY2024 1Q (ended June 30, 2024)		FY2024 Plan (ended Mar 31, 2025)					
			The first half			Full-year		
	Results	vs sales (%)	Plan	% of plan	vs sales (%)	Plan	% of plan	vs sales (%)
Sales	**31,195**	**100.0%**	**65,100**	**47.9%**	**100.0%**	**134,500**	**23.2%**	**100.0%**
Number of properties sold	1,786	-	3,690	48.4%	-	7,660	23.3%	-
Gross profit	6,975	22.4%	14,400	48.4%	22.1%	30,200	23.1%	22.5%
Operating profit	**3,107**	**10.0%**	**6,400**	**48.6%**	**9.8%**	**14,000**	**22.2%**	**10.4%**
Ordinary profit	3,014	9.7%	6,300	47.8%	9.7%	13,700	22.0%	10.2%
Profit attributable to owners of parent	2,049	6.6%	4,300	47.7%	6.6%	9,400	21.8%	7.0%

* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

1. Progress of Measures to Improve Gross Profit

Objective		Measure	Executing organization	Progress
Increase in operating profit	Sales staff expansion	New graduate recruitment	KATITAS	• On track to recruit 130 new graduates for April 2025
			REPRICE	• On track to recruit 30 new graduates for April 2025
	Productivity growth	Brokerage of properties between KATITAS Group companies	KATITAS & REPRICE	• Policy under which KATITAS sales staff broker properties marketed by REPRICE • Group brokerage ratio (percentage of REPRICE sales unit brokered by KATITAS) for 1Q was approximately 7%, which was generally in line with expectations
		Sale of low-priced products	KATITAS	• Generated about 20% of 1Q sales
			REPRICE	• Generated about 15% of 1Q sales
		Reassessment of promotional activities	KATITAS	• Launched a new TV commercial to boost sales (advertisement viewable here) • Website revamped and its effectiveness is currently being measured; aim is to raise site's conversion rate from page views to inquiries
	Increase in operating profit per property sold	Price increases on properties held in inventory	KATITAS	• Raised prices for some properties in April 2024
		Revision of incentive system	REPRICE	• Introduced an incentive system in April 2024 (was already in effect at KATITAS; no changes to the system since prior revision performed in April 2023)
		Review of management accounting	KATITAS	• No revisions after July 2023 • Average projected gross profit per property at time of purchase has remained high since October 2023
		Reduction of renovation costs	KATITAS	• Curbed renovation costs by obtaining quotes from multiple service/material providers
			REPRICE	• Headquarters began leading negotiations regarding renovation service prices from 1Q

1. Topics

▼Credit Rating

Rating	**BBB**
Rating Agency	R&I
Type of Rating	Issuer Rating
Rating Outlook	Stable

Secured credit rating to diversify and stabilize our funding sources and further expand our business foundation (corresponding press release available here)

▼Placed Third in a Ranking of Top Companies in Which Female Employees in Their 20s Sense Career Growth*1

Rank	Company	Score
1	P&G Japan G.K.	12.41
2	Microsoft Japan Co., Ltd	12.32
3	**KATITAS Co., Ltd**	**11.88**
4	Recruit Holdings Co., Ltd	11.80
5	PwC Consulting LLC	11.75

(Corresponding press release available here - Japanese only)
*1 From volume.121 of an employee satisfaction report released by OpenWork Inc.

▼Calculation of Scope 3 Emissions

Unit: t/CO2

	FY2022	FY2023
Scope1,2	2,523	2,637
Scope3	**808,422**	**811,157**
Primary Scope 3 categories:		
1 Purchased products and services	132,392	109,099
11 Usage of products sold	659,501	684,358

The KATITAS Group measures and discloses CO_2 emissions generated through its business operations in accordance with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). (corresponding IR material available here)

▼Interview with Outside Director Hideaki Tsukuda

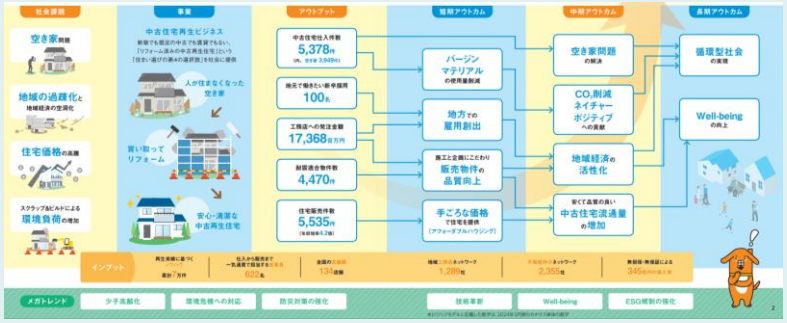


Hideaki Tsukuda
Representative Director and President, Board Advisors Japan, Inc.

A leading figure in the field of governance within Japan, Mr. Tsukuda also serves as a member of the Financial Services Agency's Council of Experts Concerning the Follow-Up of Japan's Stewardship Code and Japan's Corporate Governance Code.

We interviewed Mr. Tsukuda regarding issues such as the management of board meetings, capital policy, and mid-term business plan-related initiatives. (interview available here)

▼Development of an Impact Logic Model



The Company has been recognized as an appropriate target for "impact investment," which refers to investment in companies aiming to address social issues while generating business growth. Details regarding our impact logic model are available in our Business Report (available here - Japanese only).

1. Financial Highlights

(JPY MM)	FY2023					FY2024					YoY			
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	YTD	vs Q	vs Q (%)	vs YTD	YTD(%)
Net sales	31,613	30,441	31,614	33,048	126,718	31,195				31,195	-417	-1.3%	-417	-1.3%
Number of properties sold	1,789	1,696	1,788	1,896	7,169	1,786				1,786	-3	-0.2%	-3	-0.2%
Number of property purchased	1,699	1,831	1,883	1,595	7,008	1,777				1,777	+78	+4.6%	+78	+4.6%
Gross profit	6,690	6,645	7,107	7,371	27,814	6,975				6,975	+285	+4.3%	+285	+4.3%
Gross profit Margin (%)	21.2%	21.8%	22.5%	22.3%	21.9%	22.4%				22.4%	+1.2pt		+1.2pt	
SG&A expenses	3,829	3,655	3,594	4,062	15,141	3,868				3,868	+39	+1.0%	+39	+1.0%
Operating profit	2,860	2,989	3,512	3,309	12,672	3,107				3,107	+246	+8.6%	+246	+8.6%
Operating profit Margin (%)	9.0%	9.8%	11.1%	10.0%	10.0%	10.0%				10.0%	+0.9pt		+0.9pt	
Ordinary profit	2,798	2,931	3,378	3,214	12,321	3,014				3,014	+215	+7.7%	+215	+7.7%
Ordinary profit margin (%)	8.9%	9.6%	10.7%	9.7%	9.7%	9.7%				9.7%	+0.8pt		+0.8pt	
Net income	2,120	1,870	2,313	2,191	8,497	2,049				2,049	-71	-3.4%	-71	-3.4%
Net income margin (%)	6.7%	6.1%	7.3%	6.6%	6.7%	6.6%				6.6%	-0.1pt		-0.1pt	
EPS (JPY)	27.29	24.06	29.75	28.13	109.23	26.27				26.27	-1.02	-3.7%	-1.02	-3.7%
											vs 23/6	vs 23/6(%)	vs 24/3	vs 24/3(%)
Cash and deposits	9,680	9,857	13,095	22,027		21,375					+11,694	+120.8%	-652	-3.0%
Real estate for sale	36,203	37,225	39,168	37,454		35,409					-793	-2.2%	-2,044	-5.5%
Real estate for sale in process	17,948	18,301	17,067	14,798		15,734					-2,213	-12.3%	+936	+6.3%
Inventory real estates	54,151	55,527	56,235	52,252		51,144					-3,007	-5.6%	-1,108	-2.1%
Inventory turnover ratio (LTM)	1.91	1.85	1.78	1.86		1.87					-0.05			
Total assets	66,950	68,599	72,299	77,366		75,212					+8,261	+12.3%	-2,154	-2.8%
ROA (LTM) (%)	20.8%	18.8%	18.3%	17.6%		18.2%					-2.6pt			
Interest-bearing liabilities	23,000	21,000	26,500	26,500		26,500					+3,500	+15.2%	–	–
Shareholders' equity	35,833	37,789	38,003	40,289		40,315					+4,481	+12.5%	+25	+0.1%
Equity-to-asset ratio (%)	53.5%	55.1%	52.6%	52.1%		53.6%					+0.1pt		+1.5pt	
ROE (LTM) (%)	17.0%	13.8%	13.9%	22.4%		22.1%					+5.2pt			
		1H		2H	Full-year		1H		2H	YTD	vs 1H	vs 2H	vs FY	
Decrease in Inventory real estates		-1,388		+3,279	+1,891									
Cash flows from operating activities		+630		+8,872	+9,502									
Cash flows from investing activities		-58		-133	-192									
Cash flows from financing activities		+557		+3,431	+3,989									
Net increase (decrease) in cash and cash equivalents		+1,129		+12,170	+13,299									

(1) ROA (LTM) = Total operating profit (LTM) / average of total assets at end-Jun of previous FY and end-Jun of current FY
(2) ROE (LTM) = Total profit attributable to owners of parent (LTM) / average of balances of shareholders' equity at end-Jun of previous FY and end-Jun of current FY

1. (Reference) Financial Highlights Based on Adjusted Profits

(JPY MM)	FY2023					FY2024					YoY			
	1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	YTD	vs Q	vs Q (%)	vs YTD	YTD(%)
Net sales	31,613	30,441	31,614	33,048	126,718	31,195				31,195	-417	-1.3%	-417	-1.3%
Number of properties sold	1,789	1,696	1,788	1,896	7,169	1,786				1,786	-3	-0.2%	-3	-0.2%
Number of property purchased	1,699	1,831	1,883	1,595	7,008	1,777				1,777	+78	+4.6%	+78	+4.6%
Gross profit	6,690	6,645	7,107	7,371	27,814	6,975				6,975	+285	+4.3%	+285	+4.3%
Gross profit Margin (%)	21.2%	21.8%	22.5%	22.3%	21.9%	22.4%				22.4%	+1.2pt		+1.2pt	
Adjusted SG&A expenses	3,286	3,154	3,071	3,543	13,056	3,378				3,378	+91	+2.8%	+91	+2.8%
Adjusted operating profit	3,403	3,490	4,035	3,828	14,757	3,597				3,597	+193	+5.7%	+193	+5.7%
Adjusted operating profit margin (%)	10.8%	11.5%	12.8%	11.6%	11.6%	11.5%				11.5%	+0.8pt		+0.8pt	
Adjusted ordinary profit	3,340	3,432	3,900	3,733	14,406	3,503				3,503	+163	+4.9%	+163	+4.9%
Adjusted ordinary profit margin (%)	10.6%	11.3%	12.3%	11.3%	11.4%	11.2%				11.2%	+0.7pt		+0.7pt	
Adjusted net income	2,315	2,331	2,674	2,550	9,872	2,387				2,387	+72	+3.1%	+72	+3.1%
Adjusted net income margin (%)	7.3%	7.7%	8.5%	7.7%	7.8%	7.7%				7.7%	+0.3pt		+0.3pt	
Adjusted EPS（JPY）	29.79	29.99	34.39	32.73	126.90	30.61				30.61	+0.82	+2.8%	+0.82	+2.8%
Adjusted ROA (LTM)(%)	21.7%	20.4%	20.6%	20.5%		21.0%					-0.6pt			
Adjusted ROE (LTM)(%)	27.2%	24.6%	25.6%	26.0%		26.1%					-1.1pt			

(1) For details on adjusted items, please see the Adjustment Item List on slide 10.

1. Adjustment Item List

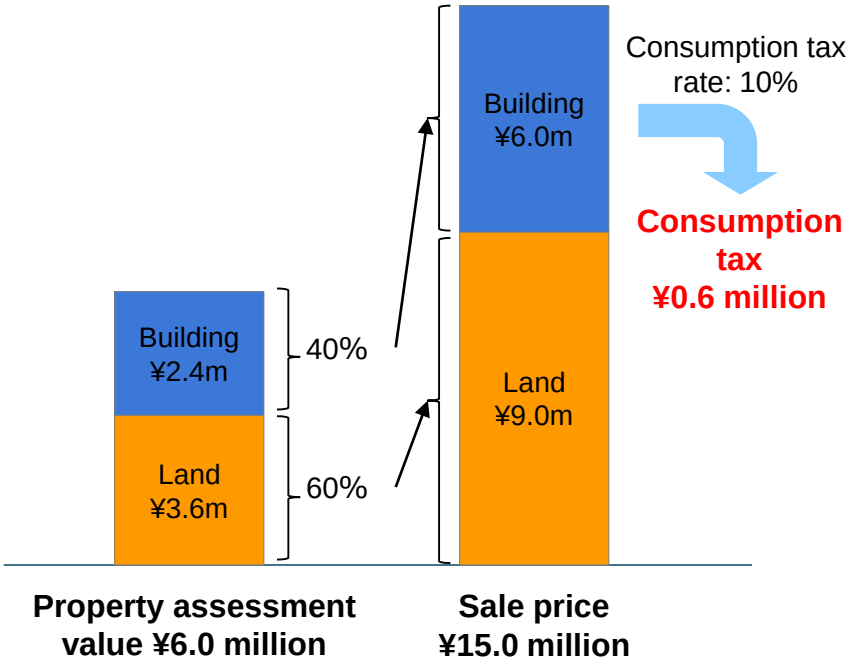
			FY2023					FY2024					FY2024 Plan		
			1Q	2Q	3Q	4Q	Full-year	1Q	2Q	3Q	4Q	YTD	1H	2H	Full-year
SG&A expenses			3,829	3,655	3,594	4,062	15,141	3,868				3,868	8,000	8,200	16,200
Adjustments	Difference in consumption taxes, etc. (SG&A expenses)	①	-542	-500	-522	-518	-2,085	-489				-489	-1,100	-1,100	-2,200
Adjusted SG&A expenses			3,286	3,154	3,071	3,543	13,056	3,378				3,378	6,900	7,100	14,000
Operating profit			2,860	2,989	3,512	3,309	12,672	3,107				3,107	6,400	7,600	14,000
Adjustments	Difference in consumption taxes, etc. (SG&A expenses)	①	+542	+500	+522	+518	+2,085	+489				+489	+1,100	+1,100	+2,200
Adjusted operating profit			3,403	3,490	4,035	3,828	14,757	3,597				3,597	7,500	8,700	16,200
Ordinary profit			2,798	2,931	3,378	3,214	12,321	3,014				3,014	6,300	7,400	13,700
Adjustments	Difference in consumption taxes, etc. (SG&A expenses)	①	+542	+500	+522	+518	+2,085	+489				+489	+1,100	+1,100	+2,200
Adjusted ordinary profit			3,340	3,432	3,900	3,733	14,406	3,503				3,503	7,400	8,500	15,900
Profit before income taxes			2,973	2,768	3,370	3,193	12,305	3,014				3,014	6,300	7,400	13,700
Adjustments	Difference in consumption taxes, etc. (SG&A expenses)	①	+542	+500	+522	+518	+2,085	+489				+489	+1,100	+1,100	+2,200
	Difference in consumption taxes, etc. (extraordinary loss)	②	-180	+160	–	–	-19	–				–	–	–	–
	Other (extraordinary loss)	③	–	–	–	–	–	–				–	–	–	–
	Adjustment on profit before income taxes, subtotal	①+②+③	+362	+661	+522	+518	+2,065	+489				+489	+1,100	+1,100	+2,200
Adjusted profit before income taxes			3,335	3,430	3,892	3,712	14,371	3,503				3,503	7,400	8,500	15,900
Total income taxes			852	897	1,056	1,001	3,808	964				964	2,000	2,300	4,300
Adjustments	Income taxes – current	④	–	–	–	–	–	–				–	–	–	–
	Refund of income taxes	⑤	–	+52	–	–	+52	–				–	–	–	–
	Tax adjustments in adjustment items	⑥	+167	+148	+161	+160	+638	+151				+151	+400	+300	+700
	Adjustment on total income taxes, subtotal	④+⑤+⑥	+167	+201	+161	+160	+690	+151				+151	+400	+300	+700
Adjusted total income taxes			1,020	1,098	1,218	1,161	4,498	1,116				1,116	2,400	2,600	5,000
Profit attributable to owners of parent			2,120	1,870	2,313	2,191	8,497	2,049				2,049	4,300	5,100	9,400
Adjustments	Difference in consumption taxes, etc. (SG&A expenses)	①	+542	+500	+522	+518	+2,085	+489				+489	+1,100	+1,100	+2,200
	Difference in consumption taxes, etc. (extraordinary loss)	②	-180	+160	–	–	-19	–				–	–	–	–
	Other (extraordinary expenses)	③	–	–	–	–	–	–				–	–	–	–
	Adjustment on total income taxes	④+⑤+⑥	-167	-201	-161	-160	-690	-151				-151	-400	-300	-700
	Adjustment on profit attributable to owners of parent, subtotal	①～⑥ total	+194	+460	+360	+358	+1,374	+338				+338	+700	+800	+1,500
Adjusted profit attributable to owners of parent			2,315	2,331	2,674	2,550	9,872	2,387				2,387	5,000	5,900	10,900

1. Differences in the Views of the Company and Tax Authorities
(figures provided here are for illustrative purposes only)

- While land transactions are exempt from consumption taxes, building transactions are subject to consumption taxes. In transactions involving preowned homes, the Company considers land and building as a single entity, and hence, it is necessary to rationally distinguish between non-taxable and taxable transactions.
- The Company applies a calculation method largely consistent with the “Apportionment based on property assessment value” as prescribed in the Frequently Asked Questions page of the National Tax Agency’s website(1). Note that the calculation method based on the “Apportionment based on property assessment value” is commonly used by business operators engaged in the purchase and resale of preowned homes.

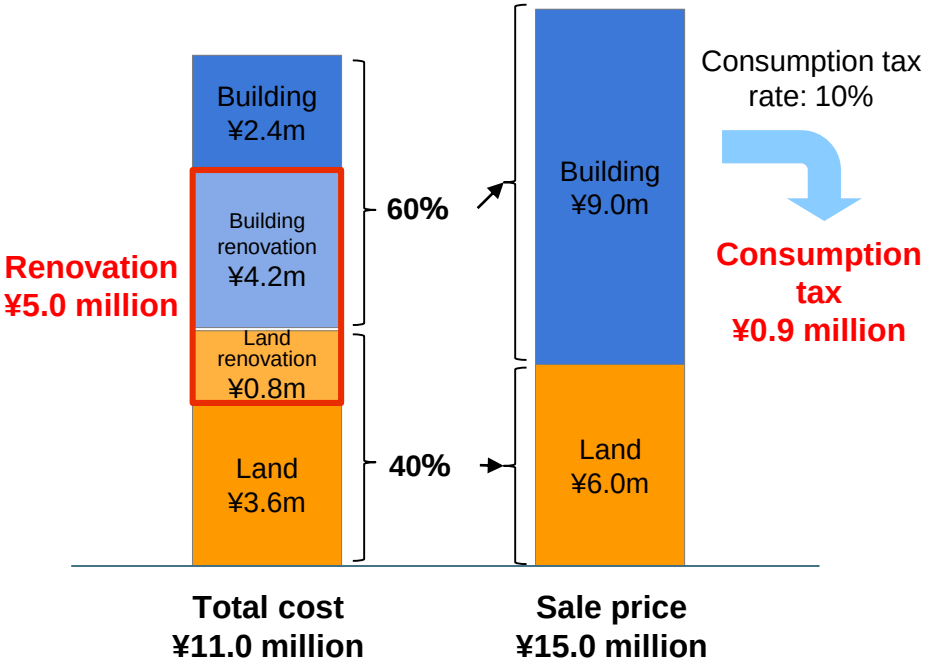
KATITAS’ calculation method

Apportion the value of land and building based on property assessment value(2)



Calculation method advocated by tax authorities

Apportion the value of land and building based on the sum of property assessment value at the time of purchase and cost of renovation

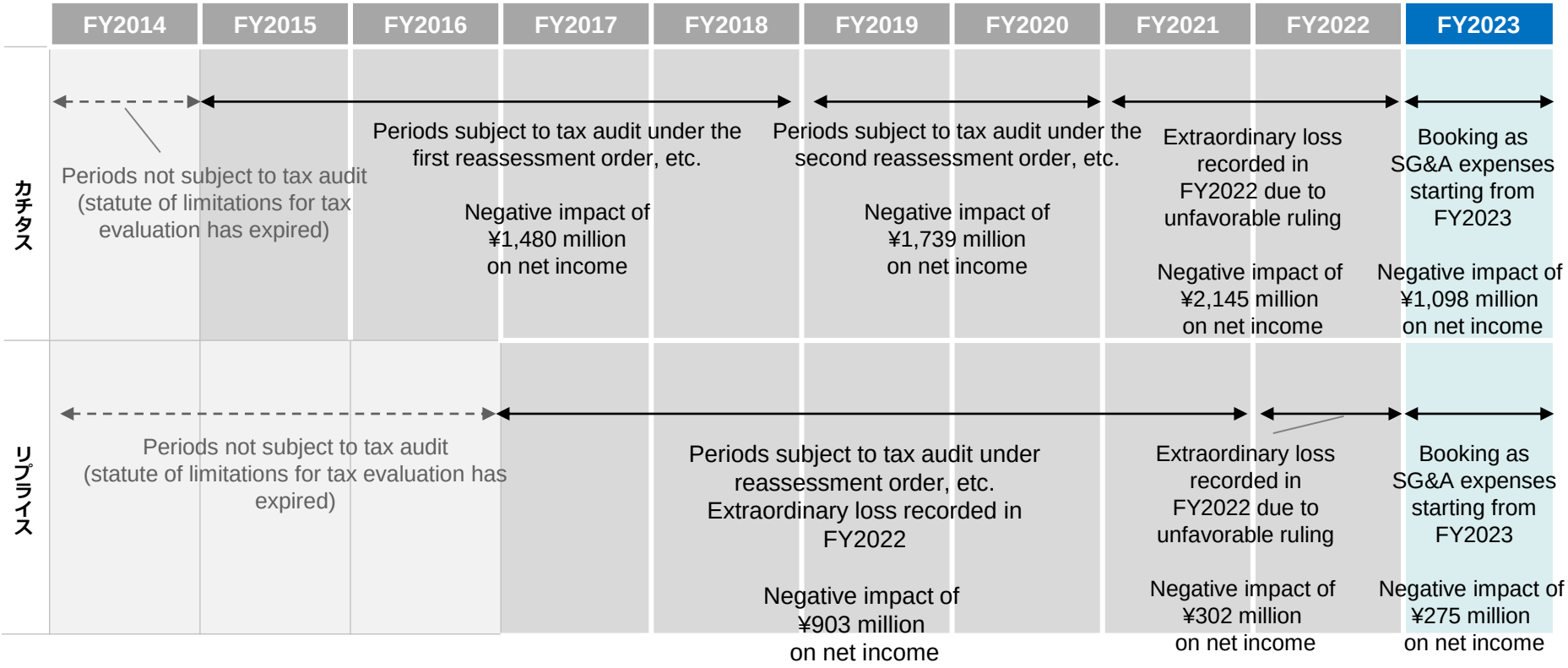


(1) National Tax Agency’s Frequently Asked Questions No. 6301: Tax base (https://www.nta.go.jp/taxes/shiraberu/taxanswer/shohi/6301_qa.htm)
(2) For its calculation, the Company uses the actual apportionment percentages of property assessment value of properties sold in the past. The percentages are recalculated semi-annually.

1. About the Reassessment Penalty, etc. from the Regional Taxation Bureau

(Reposted from FY2023 4Q)

- KATITAS has recorded extraordinary losses and paid taxes due to reassessment orders twice since FY2015, while REPRICE has done the same once.
- KATITAS received an unfavorable ruling on its first trial, through which it sought to have reassessment orders revoked. Accordingly, starting from FY2023, the Group will retrospectively calculate differences in results obtained when applying its own calculation method and those obtained when applying the method prescribed by tax authorities. These differences will be recorded as SG&A expenses.
- We will not incur any additional losses in connection with accounting periods occurring prior to periods subject to tax audit under reassessment orders because tax-related statutes of limitation for these earlier periods have already expired.
- Beginning with FY2023, we have applied accounting methods consistent with those prescribed by tax authorities. Even if the Supreme Court rule against us, we will experience no negative earnings impact resulting from extraordinary losses, etc.



(Ref) Notice Concerning Receipt of Written Notice of Reassessment Order from Nagoya-Naka Tax Office Directed at Subsidiary and Revisions to Earnings Forecast (April 27, 2023) (partial corrections released on May 9, 2023)

Presentation Highlights

1.	Overview of Financial Results for the First Three Months of the FY2024 (Ending March 31, 2025)	P3-P12
2.	Management Plan for FY2024 (Ending March 31, 2025)	P14-P22
3.	Overview of Business Model	P24-P44
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2. Management Plan for FY2024 (Ending March 31, 2025)

(Reposted from FY2023 4Q)

- We project net sales growth of about 6%, and a rise of about 10% in operating profit.
  - ✓ Average price per sale: Expected to remain level with FY2023 or slightly lower; forecast accounts for expansion in sales of low-priced products and changes in market conditions
  - ✓ Properties sold: Despite strong demand, projected growth limited to about 7% due to initial inventory shortages
  - ✓ Per-unit gross profit: Slight YoY growth projected based on results for second-half FY2023, when gross profit improvement measures began to generate impact
  - ✓ REPRICE: Inventory levels have been optimized. To improve per-unit gross profit, REPRICE will review its management accounting and adjust performance-linked compensation with reference to KATITAS. REPRICE will also aim to expand operating profit while focusing on improving gross profit through adjustments to renovation costs and reducing SG&A expenses through a sales approach that uses KATITAS as an intermediary.
- Inventories of newly built detached houses are expected to gradually reach optimal sizes over the second half of the year, and we also anticipate a decline in heavy discounting.
- Most buyers opt for variable rate mortgages, so impact from fluctuations in long-term interest rates is small. Even if short-term interest rates rise, the impact on KATITAS is neutral, as the increase in monthly payments is relatively small.
- The operating profit target in our mid-term business plan is an adjusted target that excludes impact from unfavorable rulings incurred through consumption tax-related litigation.
- Aiming to accelerate growth in FY2025 and subsequent accounting periods, we will concentrate on recruiting activities aimed at hiring a larger number of new graduates in April 2025.

(JPY MM)	FY2023 (ended Mar 31, 2024)						FY2024 (ended Mar 31, 2025)								
	1H		2H		Full-year		1H			2H			Full-year		
	Results	vs sales (%)	Results	vs sales (%)	Results	vs sales (%)	Plan	YoY (%)	vs sales (%)	Plan	YoY (%)	vs sales (%)	Plan	YoY (%)	vs sales (%)
Net Sales	**62,054**	**100.0%**	**64,663**	**100.0%**	**126,718**	**100.0%**	**65,100**	**+4.9%**	**100.0%**	**69,400**	**+7.3%**	**100.0%**	**134,500**	**+6.1%**	**100.0%**
Number of properties sold	3,485	-	3,684	-	7,169	-	3,690	+5.9%	-	3,970	+7.8%	-	7,660	+6.8%	-
Gross profit	13,335	21.5%	14,478	22.4%	27,814	21.9%	14,400	+8.0%	22.1%	15,800	+9.1%	22.8%	30,200	+8.6%	22.5%
Operating profit	**5,850**	**9.4%**	**6,822**	**10.5%**	**12,672**	**10.0%**	**6,400**	**+9.4%**	**9.8%**	**7,600**	**+11.4%**	**11.0%**	**14,000**	**+10.5%**	**10.4%**
Adjusted operating profit	**6,894**	**11.1%**	**7,863**	**12.2%**	**14,757**	**11.6%**	**7,500**	**+8.8%**	**11.5%**	**8,700**	**+10.6%**	**12.5%**	**16,200**	**+9.8%**	**12.0%**
Ordinary profit	5,729	9.2%	6,592	10.2%	12,321	9.7%	6,300	+10.0%	9.7%	7,400	+12.3%	10.7%	13,700	+11.2%	10.2%
Adjusted ordinary profit	6,773	10.9%	7,633	11.8%	14,406	11.4%	7,400	+9.3%	11.4%	8,500	+11.3%	12.2%	15,900	+10.4%	11.8%
Profit attributable to owners of parent	3,991	6.4%	4,505	7.0%	8,497	6.7%	4,300	+7.7%	6.6%	5,100	+13.2%	7.3%	9,400	+10.6%	7.0%
Adjusted profit attributable to owners of parent	4,646	7.5%	5,225	8.1%	9,872	7.8%	5,000	+7.6%	7.7%	5,900	+12.9%	8.5%	10,900	+10.4%	8.1%

(1) Each adjustment item is calculated by multiplying sales volume plan of KATITAS and REPRICE for the FY2024 by the actual consumption tax difference for the FY2023 of each company. The impacted amount is excluded from SG&A expenses to calculate adjusted operating profit (loss).
The impact on total income taxes is calculated by multiplying the impact amount by the effective tax rate of each company, and then excluding the impact amount from total income taxes to calculate adjusted profit attributable to owners of the parent for the fiscal year.
* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

2. Dividends

(Reposted from FY2023 4Q)

- For FY2023, we expect to pay a year-end dividend of ¥27.0 per share as originally planned.
- For FY2024, we expect to pay an interim dividend of ¥28.0 per share and a year-end dividend of ¥28.0 per share, for a total annual dividend of ¥56.0 per share. As stipulated in our third and current mid-term business plan, we aim to maintain a payout ratio of at least 40%, and the forecast reflect this objective.
- In addition, we believe that the current financial results with difference in consumption taxes, etc. included in SG&A expenses do not properly represent our actual performance. We determined the dividend amount based on "adjusted net income" excluding the effect of the difference in consumption taxes, etc. and a "payout ratio of at least 40%."
- In the event we receive a favorable ruling through consumption-tax related lawsuit in the future and therefore generate extraordinary profit, we will determine the dividend amounts based on a payout ratio target equivalent to at least 40% of adjusted net income exclusive of anticipated impact from this extraordinary profit.

	FY2023 (ended March 31, 2024)		Forecast for FY2024 (ending March 31, 2025)	
	Interim	Year-end	Interim	Year-end
Dividends per share (initial forecast)	27.0円	27.0円	28.0円	28.0円
Dividend payout ratio	49.4%		46.4%	
Dividend payout ratio (based on adjusted net profit)	42.6% (1)		40.1% (1)	

(1) For details on adjusted items, please see the Adjustment Item List on slide 10 and 14.

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2. Third Mid-Term Business Plan (FY2022 – FY2024)

Initiatives for the Pre-Owned House Refurbishing Business

(Reposted from FY2023 4Q)

- Aim to supply over 10,000 houses per year in the future while maintaining or raising the quality and value of the houses we provide rather than being focused on rapid growth.
- Aim for Net sales and operating profit CAGR of 10% in the Third Mid-Term Business Plan period.
- ROA (an indicator of asset efficiency) will be an important management indicator to ensure that inventory turnover and operating margin can be improved or kept at a high level.

(JPY MM)	FY2021 Results		FY2024 Plan	FY2024 CAGR
Net sales	101,269	・・・	**134,000**	**10%**
Adjusted Operating profit(1)	13,127	・・・	**17,500**	**10%**
Adjusted ROA(1),(2)	22%	・・・	**20%**	**-**
Dividend payout ratio(1) (based on adjusted net profit)	37.8% (30.1%)	・・・	**40%**	**-**

Priority measures

1. Conduct recruiting activities centered on new graduates and enhance various systems to continue to strengthen employee retention as well as train and foster personnel at the manager level and above.
2. Achieve productivity improvements by optimizing overall operations through BPR and considering system implementation.
3. Expand capacity to manage contractors and carpenters, who are our important partners in supplying houses.
4. Deliberate further on M&A possibilities to accelerate growth in existing businesses.

(1) For details on adjusted items, please see the Adjustment Item List on slide 10 and 14.
(2) ROA = operating profit / average of total assets as of the beginning and end of period
* MTBPs announced externally after adopting our new structure are set as starting points. 1st: FY2016 - FY2018; 2nd: FY2019 – FY2021; 3rd: FY2022 – FY2024
* The above information includes forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Please refer to the disclaimer on the last page of this presentation.

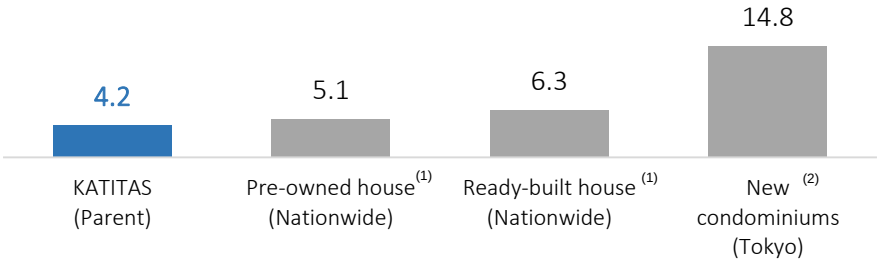
Third Mid-Term Business Plan (FY2022 – FY2024)
Sustainability Initiatives

(Reposted from FY2023 4Q)

- By expanding our pre-owned house renovation business, we will contribute to solving social problems such as vacant homes and the lack of affordable houses. Through business expansion, we will help solve social issues and contribute to realizing a sustainable society.
- Renovated pre-owned homes consume fewer resources and emits less CO2 than newly built homes. In the new mid-term period, we will further enhance our environmental initiatives including the improvement of insulation performance and reduction of CO2 emissions.

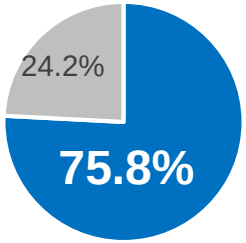
Ratio of mortgage to annual income

- ✓ Housing price “affordability” index
- ✓ Maintain at around 5x.
- ✓ Our properties are about half the price of newly built homes in the same area. We will continue to handle low-priced properties.



No. of properties sold

- ✓ Vacant housing problem solution index
- ✓ Aiming to increase proportionate to sales growth, and solve the problems of even more vacant houses.
- ✓ We mainly purchase vacant houses. This means thaat one house we purchase contributes to one less vacant house.



Ratio of vacant houses to total properties purchased by KATITAS
FY2023 result (parent)

Environ-mental initiatives

- ✓ Improve product quality by considering renovation methods that balance higher insulation performance with cost control.
- ✓ Reduce CO2 emissions (scheduled to disclose reduction targets in disclosures based on the TCFD Framework)



Example of installing double-paned window



Example of installing insulation

(1) Source: Japan Housing Finance Agency (FY2022 summary table)
(2) Source: Tokyo Kantei Co., Ltd. press release “Annual Income Ratio for New Condominiums” (October 31, 2023)

* MTBPs announced externally after adopting our new structure are set as starting points. 1st: FY2016 - FY2018; 2nd: FY2019 – FY2021; 3rd: FY2022 – FY2024
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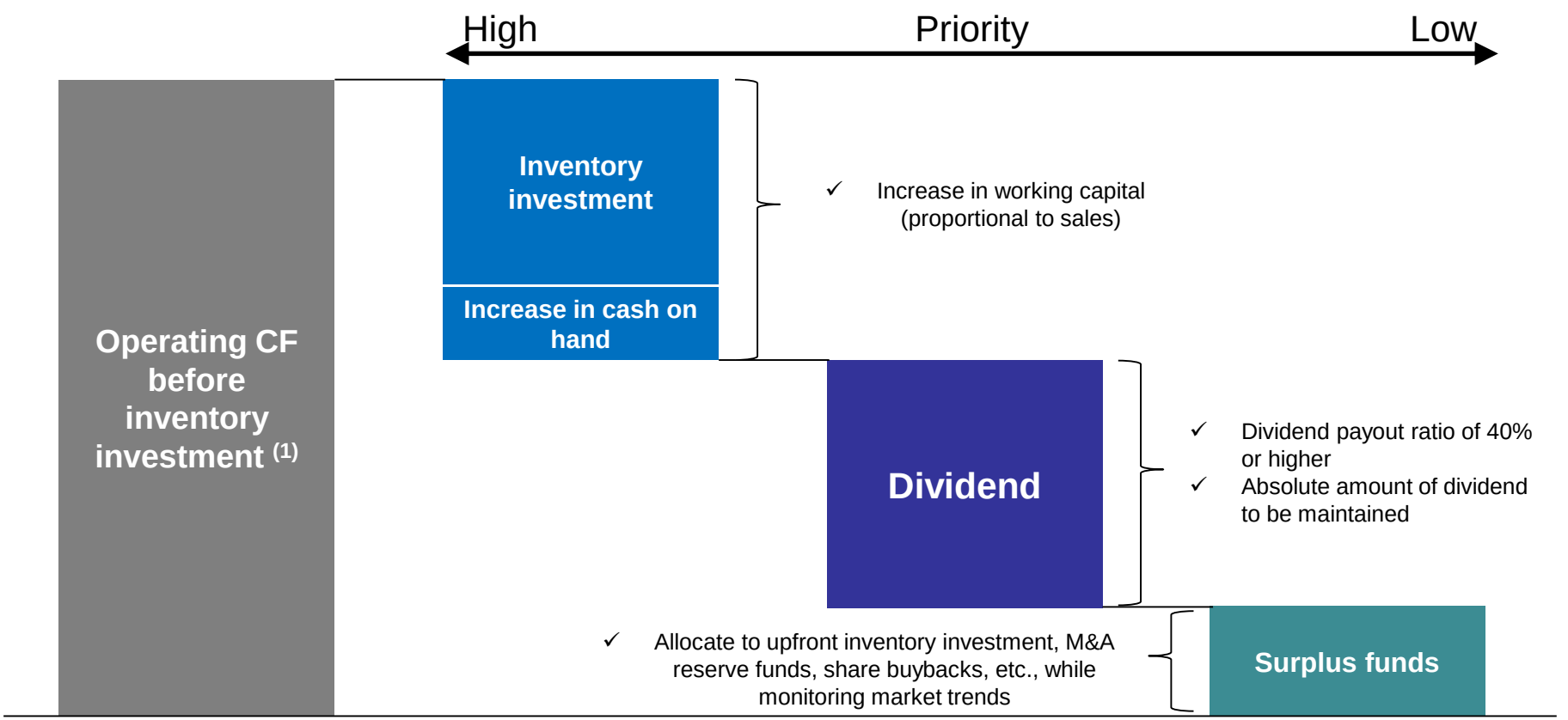
2. Third Mid-Term Business Plan (FY2022 – FY2024)
Financial Strategy and Shareholder Returns

(Reposted from FY2023 4Q)

- Place the highest priority on using the cash flow generated to invest in inventory for the growth of our existing business.
- Raise the dividend payout ratio to at least 40% during the Third Mid-Term Business Plan period to maintain ROE at robust levels.
  (Our policy is not to reduce the total annual dividend except under special circumstances.)
- Converted bank loans to unsecured bank loans in March 2022 in order to utilize debt with low cost of capital for M&A and other large investments.



(1) Operating CF before inventory investment = The amount after adding the change in inventory to operating CF

* MTBPs announced externally after adopting our new structure are set as starting points. 1st: FY2016 - FY2018; 2nd: FY2019 – FY2021; 3rd: FY2022 – FY2024
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2. Growth Strategy at KATITAS (1): Enhance Sales Force (FY2023 Results)

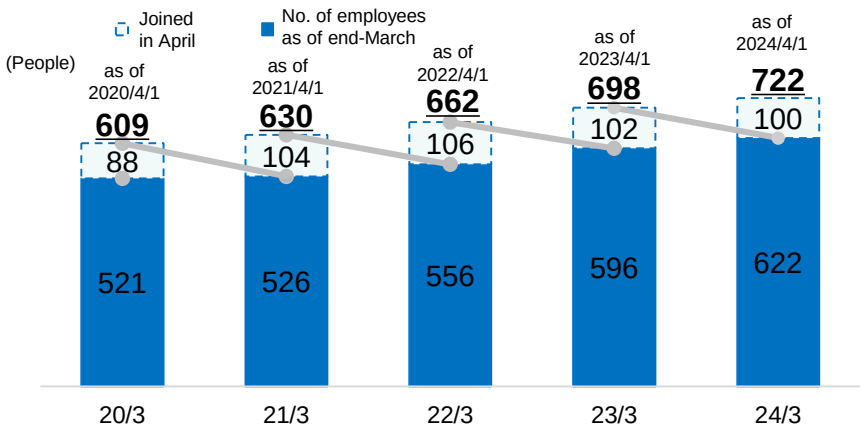
(Reposted from FY2023 4Q)

- There's ample supply of vacant houses in Japan and sufficient demand for low-priced houses. The potential market is sizable both for purchases and sales.
- KATITAS plans to expand through an increase in procured and sold homes by increasing sales staff headcount while maintaining and improving productivity.
- We expanded our capacity to train new graduate employees by continuing our recruitment efforts. We plan to hire a larger number of new graduates in April 2025.

Sales Staff		Productivity		Capacity (FY2023 Results)
Sales employees(1) (average during the fiscal year) 609.0	×	Procurement 8.8 / sales employee	=	Number of properties procured: 5,378 (2)
	×	Sales 9.1 / sales employee	=	Number of properties sold: 5,535

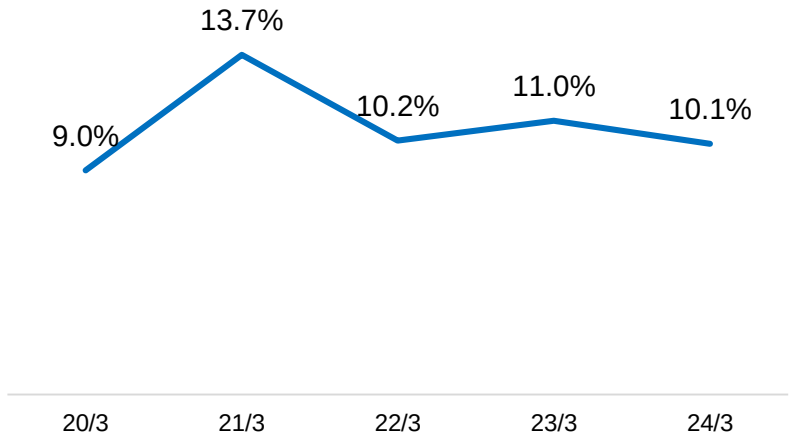
Number of sales staff

- ✓ As of April 1, 2024, our sales force had expanded 3.4% YoY.
- ✓ We continue to focus primarily on recruiting new graduates and recorded 100 new hires in April 2024.
- ✓ Under our next mid-term business plan, we plan to accelerate growth in our headcount. Accordingly, we plan to hire a larger number of new graduates 130 in April 2025.



Turnover rate(3)

- ✓ Our FY2023 turnover rate was 10.1%, on par with our 10% target. Various retention measures introduced over the past several years are generating positive impact.
- ✓ Maintained an "BBB or better" rating through employee engagement survey results.



(1) Number of sales staff = Number of store staff (incl. contract and part-time) + number of deputy sales managers and section managers
(2) Earnings presentation materials from the fiscal year ended March 31, 2021, will include properties purchased at auction, retroactively applied in previous fiscal years.
(3) Turnover rate = number of employees who resigned or retired during the fiscal year / number of employees at the beginning of the fiscal year
(4) Figures represent historical results of KATITAS (non-consolidated)

2. Growth Strategy at KATITAS (2): Productivity Improvement (FY2023 Results)

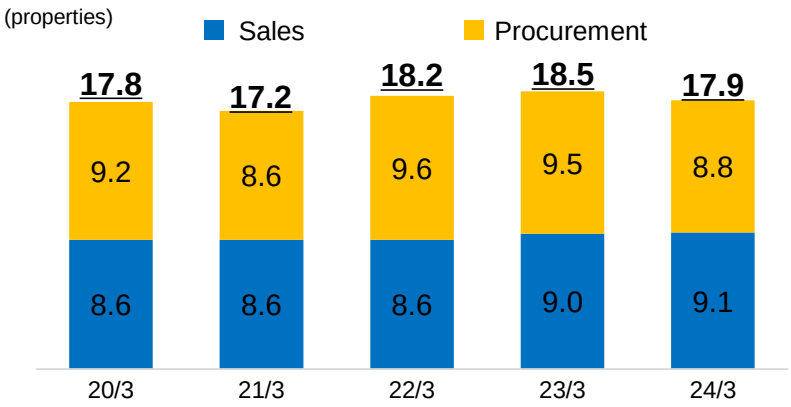
(Reposted from FY2023 4Q)

- Our productivity is on an uptrend, except for FY2020, when purchases decreased as the number of vacant houses on sale shrank due to COVID-19.
- Sales productivity for FY2023 reached a record high. This result was achieved thanks in part to higher turnover generated through the introduction of low-priced products and the adoption of marketing automation tools.
- In FY2024, we will primarily aim to raise sales productivity through strengthening promotions and through improvements in customer traffic routes associated with our sales website.

Sales Staff		Productivity		Capacity (FY2023 Results)
Sales employees(1) (average during the fiscal year) 609.0	×	Procurement 8.8 / sales employee	=	Number of properties procured: 5,378(2)
	×	Sales 9.1 / sales employee	=	Number of properties sold: 5,535

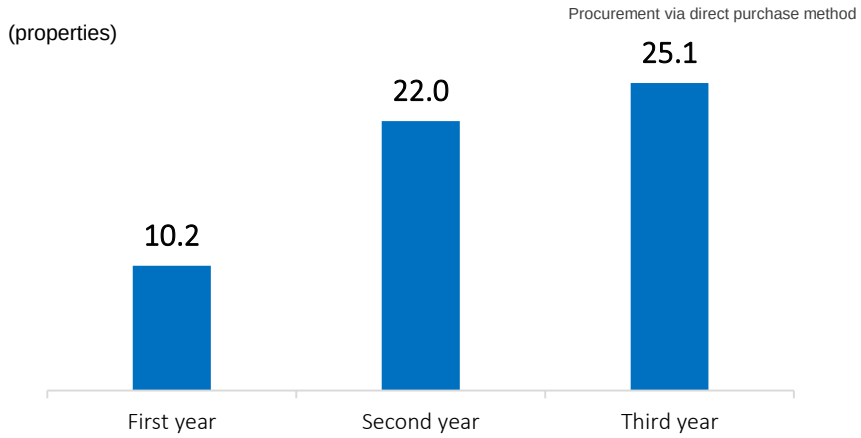
Productivity of sales staff(3)

- ✓ Sales staff productivity is improving due to growth in contracts for which renovations are underway (and also those sold in the present condition) and various operational enhancements.
- ✓ Purchasing productivity in FY2023 declined as we curtailed purchasing in the first-half.



Productivity of new graduate employees(4)

- ✓ By increasing the number of employees at store-manager level, we increased capacity for training and accelerated the time it takes until new employees start contributing to the business.
- ✓ Effective from FY2023, the target productivity of sales employees raised from 24 properties (purchased and sold) to 32 properties sold.



(1) Number of sales staff = Number of store staff (incl. contract and part-time) + number of deputy sales managers and section managers
(2) Earnings presentation materials from the fiscal year ended March 31, 2021, will include properties purchased at auction, retroactively applied in previous fiscal years.
(3) Productivity= sum of the number of homes purchased and the number of homes sold by KATITAS over a period, divided by the average of the number of sales employees of KATITAS at the beginning and end of the period
(4) Average calculated from the results of the last three fiscal years (5) Figures represent historical results of KATITAS (non-consolidated)

2. Growth Strategy at REPRICE (FY2023 Results)

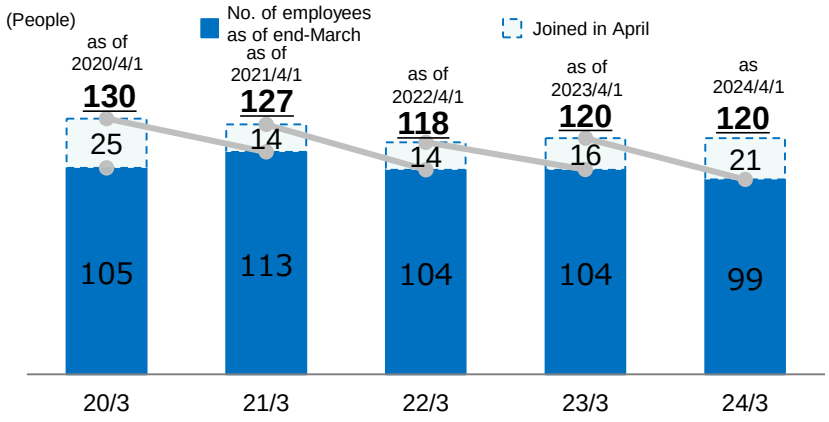
(Reposted from FY2023 4Q)

- Like KATITAS, we plan to drive growth at REPRICE by increasing sales staff and maintaining or raising productivity.
- Productivity decline observed in FY2023 was due to growth in competition stemming from price reductions for newly built houses.
- Key measures for FY2024 include (1) introduction of a compensation system based on profits generated through properties sold, (2) curtailment of renovation costs, and (3) sales utilizing KATITAS as a broker.

Sales Staff		Productivity		Capacity (FY2023 Results)
Sales employees (average during the fiscal year) 101.5	×	Procurement 16.1 / sales employee	=	Number of properties procured: 1,630
	×	Sales 16.1 / sales employee	=	Number of properties sold: 1,634

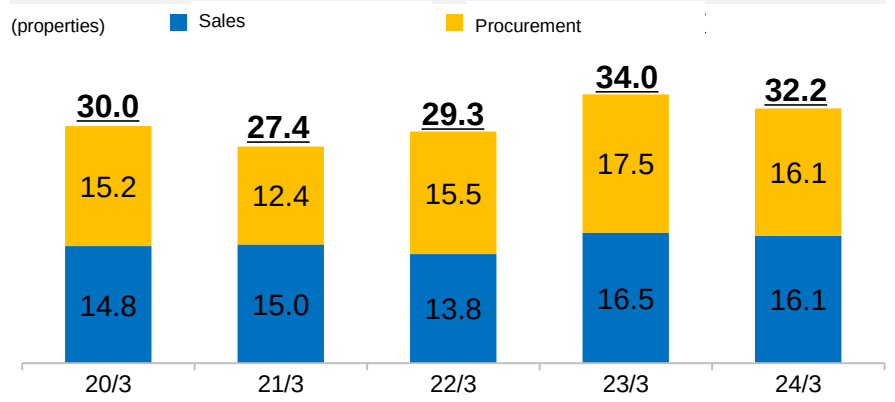
Number of sales staff

- ✓ Hired 21 new graduates in April 2024.
- ✓ In FY2020 and FY2021, we curbed hiring due to capacity issues. Growth in sales staff temporarily stalled due to the transfer of some staff to the sales support department.
- ✓ Changes in our compensation system will encourage our sales staff to adopt more profit-oriented approaches.



Productivity(1)

- ✓ COVID-19-related productivity decline was caused by constrained purchasing and a decrease in target properties available for purchase.
- ✓ Anticipate ongoing improvement backed by reinforced headquarters support and increased efficiency of system investments.
- ✓ In FY2024, primary productivity improvement measures will include sales utilizing KATITAS as an intermediary and through guided tours for customers by a broker and a REPRICE employee.



(1) Productivity= sum of the number of homes procured and the number of homes sold by REPRICE over a period, divided by the average of the number of sales employees of REPRICE at the beginning and end of the fiscal year

2. Established a flexible, unsecured funding structure, owing to improved creditworthiness

- Due to improved creditworthiness from financial institutions, we have been able to refinance our bank loans as unsecured loans. This refinancing has allowed us to reduce various costs, such as trust fees and administrative burdens associated with collateral pledging.
- We secure working capital through long-term borrowing and maintain a system that facilitates flexible purchase operations. In addition, we have established a commitment line of ¥8.0bn to address mid-year inventory fluctuations.

KATITAS
Stable funding through long-term debt

Housing stock
-All Japan
-Regional cities
-Small-sized properties

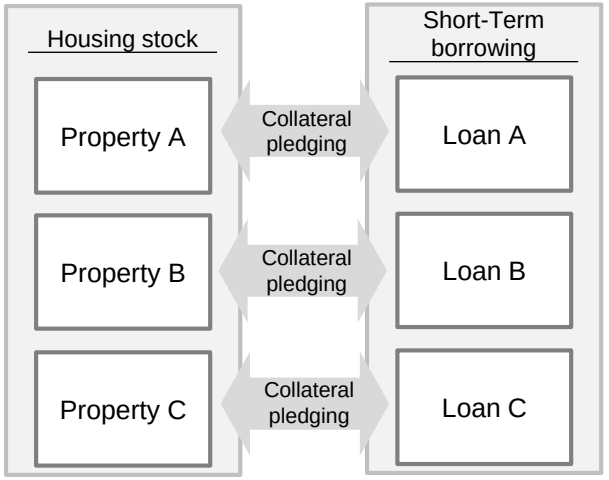
Property | Property
Property | Property
Property | Property
Property | Property

No collateral pledging

Short-Term borrowing
Commitment Line
¥0 bn/¥8.0 bn

Long-Term borrowing
bullet repayment ¥18.5 bn
(Repayment deadline:2027/3)
bullet repayment ¥8.0 bn
(Repayment deadline:2028/11)

Borrowing by taking out individual short-term loans for each property



Strengths of funding structure

- We are one of the few companies in the real estate industry to borrow long-term working capital on an unsecured basis by establishing good relationships with financial institutions. This is because we demonstrate high safety and profitability, with an equity ratio of 53.6%, current rate(1) of 267.4%, and ratio of fixed assets to long-term capital(2) of 2.7%.
- Because of this unsecured funding, we no longer need administrative work associated with borrowing each time when making purchases, giving us greater flexibility when purchasing properties. We also don't need to pay trust fees or mortgage-related expenses when making purchases, thereby giving us a cost advantage.
- The inventory turnover ratio is 1.87/year indicating a fast inventory cash conversion rate. We use long-term debt to finance our operations and if we decide to halt our cash outflows (for real estate purchases, etc.) we can do so in about a month, meaning that it's not hard for us to increase our cash buffer level during times of sales deceleration.

(1) Current rate ＝(Current assets – Real estate for sale – Real estate for sale in process)/ Current liabilities
(2) Ratio of fixed assets to long-term capital ＝ Total non-current assets /(Total non-current liabilities＋Total net assets)
(Ref) "Notice Regarding the Conclusion of a Changing Syndicated Loan Agreement"

Presentation Highlights

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4.	APPENDIX	P46-P58

3. Business Model of KATITAS

- KATITAS purchases pre-owned detached houses in regional areas, and renovate them to accommodate today's living styles before selling them at half the price of newly built houses.
- About 80% of properties we purchase are empty, vacant houses. We create social value by resolving the issue of vacant houses and providing affordable housing.

Procurement → **Renovation** → **Sale**

Seller

Ability to procure properties

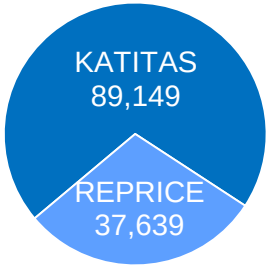
Ability to assess property purchase risks

Before



KATITAS Group

FY2023 Revenue (JPY millions)



	KATITAS	REPRICE
Operating areas	Suburban areas and Regional Cities	Cities and Suburban areas
Number of properties sold	5,535 Houses	1,634 houses
Ratio of single-family detached houses	94.4%	69.8%
Average price per property sold (1)	15.9MM	22.9MM

Large-volume orders

Price discounts

Price discount

Regular orders

Building materials manufacturers

Contractors

Buyer

After









Ability to plan renovation work

Ability to implement renovation work







(1) Excluding tax

3. Business Development Areas and Building Ages of the Group

- KATITAS focuses on regional cities (population 50,000-300,000) and buildings with an average 30 years. It has strengths in in-house sales ability, survey ability, renovation planning ability, and renovation implementation ability.
- REPRICE focuses on urban and suburban areas (population 300,000-500,000) and buildings with an average 20 years. It has strengths in its broker network, speed, and pricing accuracy

Building age

old | 50 years | 40 years | 30 years | 20 years | 10 years | New

Area

Lightly populated areas, holiday home and sightseeing areas (1)	985 municipalities 15.4 million people
Regional cities (2)	236 municipalities 24.7 million people
Suburban (3)	476 municipalities 48.6 million people
Cities (4)	10 municipalities 10.6 million people
Metropolitan city centers (5)	11 municipalities 27.0 million people

KATITAS
populations of 50,000-300,000
Average building age 30 years
Strengths: In-house sales ability, survey ability, renovation planning ability, and renovation implementation ability

REPRICE
populations of 300,000-500,000
Average building age 20 years
Strengths: Relationships with brokers, speed, pricing

Properties that are not eligible for purchasing





Source: Created by KATITAS based on the Ministry of Internal Affairs and Communications' Population Census/ -Data Table by Prefecture and Municipality 2020

(1) Lightly populated areas, holiday home and sightseeing areas: Municipalities with populations under 50,000 excluding areas within the three metropolitan areas
(2) Regional cities: Municipalities with populations of 50,000-300,000 excluding areas within the three metropolitan areas
(3) Suburban areas : Areas within three metropolitan areas excluding Tokyo 23 wards, ordinance-designated cities same as above and municipalities with populations of 300,000-500,000
(4) Cities: Ordinance-designated cities outside the Tokyo 23 wards and three metropolitan areas (Sapporo-shi, Fukuoka-shi, Hiroshima-shi, Sendai-shi, Kitakyushu-shi, Niigata-shi, Hamamatsu-shi, Kumamoto-shi, Okayama-shi, Shizuoka-shi)
(5) Metropolitan city centers: Tokyo 23 wards and ordinance-designated cities within three metropolitan areas (Osaka-shi, Nagoya-shi, Kyoto-shi, Yokohama-shi, Kobe-shi, Kawasaki-shi, Chiba-shi, Saitama-shi, Sakai-shi, Sagamihara-shi)

3. Our Purpose: Bring as Much Joy as Possible to Towns and Cities”

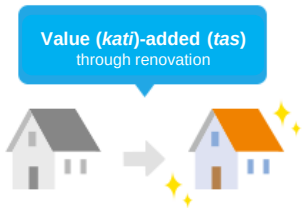
We purchase, renovate, and re-sell vacant houses without buyers: This is how value (“*Kati*”) is added (“*tas*”) to houses that we sell.

- We purchase vacant and old houses that are unmarketable as-is. We then renovate them and make them marketable.
- We operate a value-added reselling business where we “add value (*kati tasu*)” to vacant houses that would otherwise have no value on its own.
- We consider this to be the “fourth option” in addition to newly built, pre-owned, and rental housing. And by offering these houses at reasonable prices, we help create better lives for customers.

Unaffordable **“Newly built houses”**

Old and non-renovated **“Pre-owned houses”**

”Rental houses” which do not meet demand



High-quality and reasonably priced **“KATITAS houses”**

Aiming to solve social issues through business: “Adding value *(kati- tas)”* to society

Supplying affordable housing	Despite slow-to-increase income levels in Japan, we supply decent housing at reasonable prices, which is in shortage.
Solving the social problem of vacant houses	We utilize the existing properties that are no longer in use in Japan where population is declining.
Revitalizing towns and cities	We contribute to stimulating regional economies through the utilization of vacant houses, orders to local construction companies, etc.
Realizing a circular economy	We reuse anything we can in our renovation work in order to save resources and reduce CO2 emissions.

3. Examples of Value-Added Properties (1): Appearance and Exterior Work

- Work on appearance is intended to improve endurance and make houses look more attractive
- Expansion of parking spaces is essential in Regional areas; decisions on procuring properties are made depending on whether such expansion is possible or not, and potential acquisition of adjacent land and scaling-down of the size of houses are examined









Renovated one-story house: replaced the damaged eaves and refreshed the dilapidated exterior



House where porch tiles were replaced, a new exit door was installed and the exterior wall was clad with accent tiles



Removed the gate and front yard to create four parallel parking spaces that can comfortably accommodate visitors.

3. Examples of Value-Added Houses (2): Interior Work

- Not only re-wallpapering and re-flooring, but also a willingness to make floor plan changes helps KATITAS' efforts to "create comfortable dwelling spaces"
- Renovation work is intended to erase traces of former owners completely, while selected parts of houses are left untouched in order to curb costs (and eventually, to rein in selling prices)









New look of an integrated LDK space with replaced flooring and wallpaper, after the floor plan with the living and dining rooms separated was altered by changing the location of the kitchen



Conversion of two adjoining Japanese rooms into two modern Western rooms, by installing a wall and replacing tatami mats with flooring, at a low cost achieved by using the original sash



Renovated entrance, by replacing the carpet with flooring, cladding the entrance foyer with new terracotta-style tiles and installing a new shoe closet

3. Examples of Value-Added Houses (3): Facilities Work

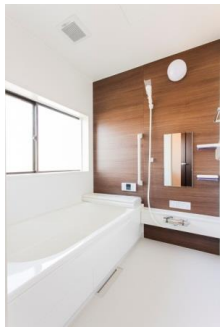
- New plumbing products are installed to improve usability and cleanliness
- Materials are purchased at lower prices through bulk purchases, which results in large-scale renovation work at about half the price paid in personally-requested renovation work





Newly-installed kitchen unit with a hanging cupboard, replacing the inconvenient unit used for more than 30 years and resulting in drastic improvement in both usability and appearance





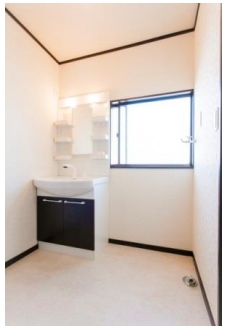
A new modular bath system is installed in approx. 90% of houses purchased





A new multi-functional toilet is also installed in approx. 90% of houses purchased





A new washstand is installed in approx. 90% of houses purchased and many requests for locational change are met





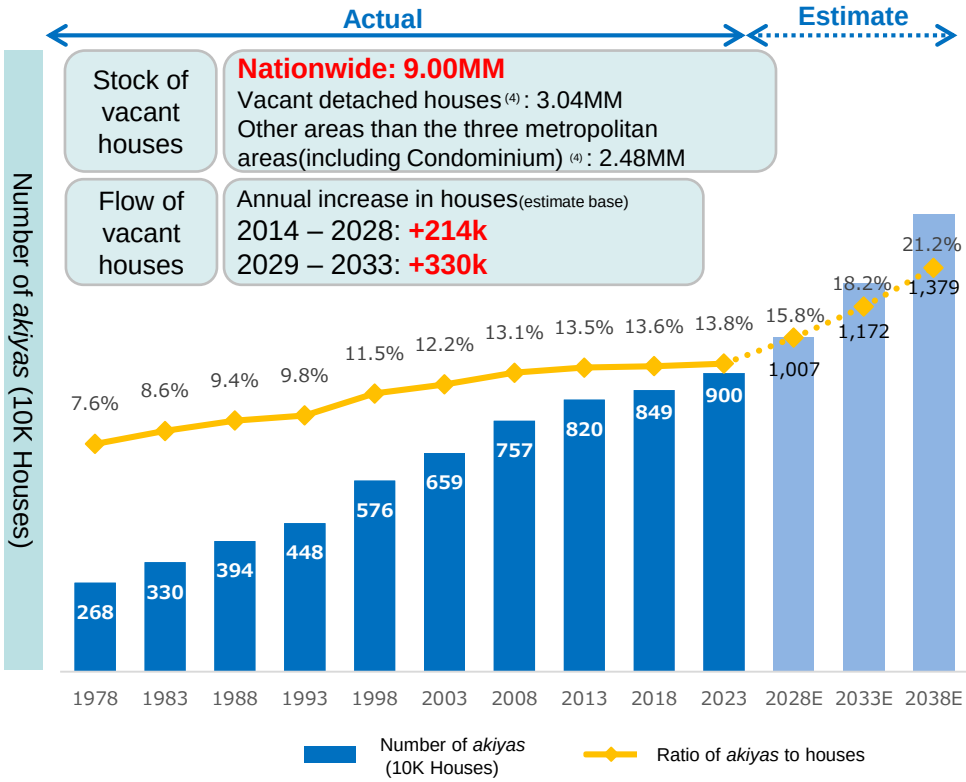
Room doors and other fittings are replaced and repaired as necessary

3. Medium and Long Term Expansion with Opportunities for Procurement Based on Increased Supply of Vacant Houses

- There is a large number of vacant houses and the number is expected to increase, which provides KATITAS with procurement opportunities
- Although a large majority of such vacant houses cannot be distributed in the housing market on an “as-is” basis, KATITAS is capable of acquiring such houses with a low level of competition

Abundance in Stock and Flow of Vacant Houses(1) UPDATE

Number and Predicted Rate of Increase of Vacant Houses



Source: Ministry of Internal Affairs and Communications, “2023 Housing and Land Survey Approximate Tabulation of Dwellings (preliminary data)”,
Estimates are prepared by KATITAS based on “Housing Market and Related Challenges in 2040—No Time for Delay in Addressing Labor Shortages; Implement Efforts Targeting More than Improvement in On-Site Productivity” <Scenario 2: Levels will continue to be the same as after the Special Measures Law comes into effect> from Nomura Research Institute, Ltd.

Unique Business Segment

	Metropolitan city centers (2)	Urban areas (3)	Regional cities / Regional areas (Areas excluding metropolitan city centers and suburban areas)
Single-family houses	# of vacant houses(3): 0.218 million	# of vacant houses(4): 0.677 million (reprice)	# of vacant houses(4): 1.795 million (KATITAS)
Condo-miniums	# of vacant houses (4) 0.329 million	# of vacant houses(4): 0.326 million	# of vacant houses(4): 0.437 million

KATITAS Group’s focused areas

Competitors’ focused area

✓ KATITAS Group’s business domain is unique and has relatively high barriers to entry

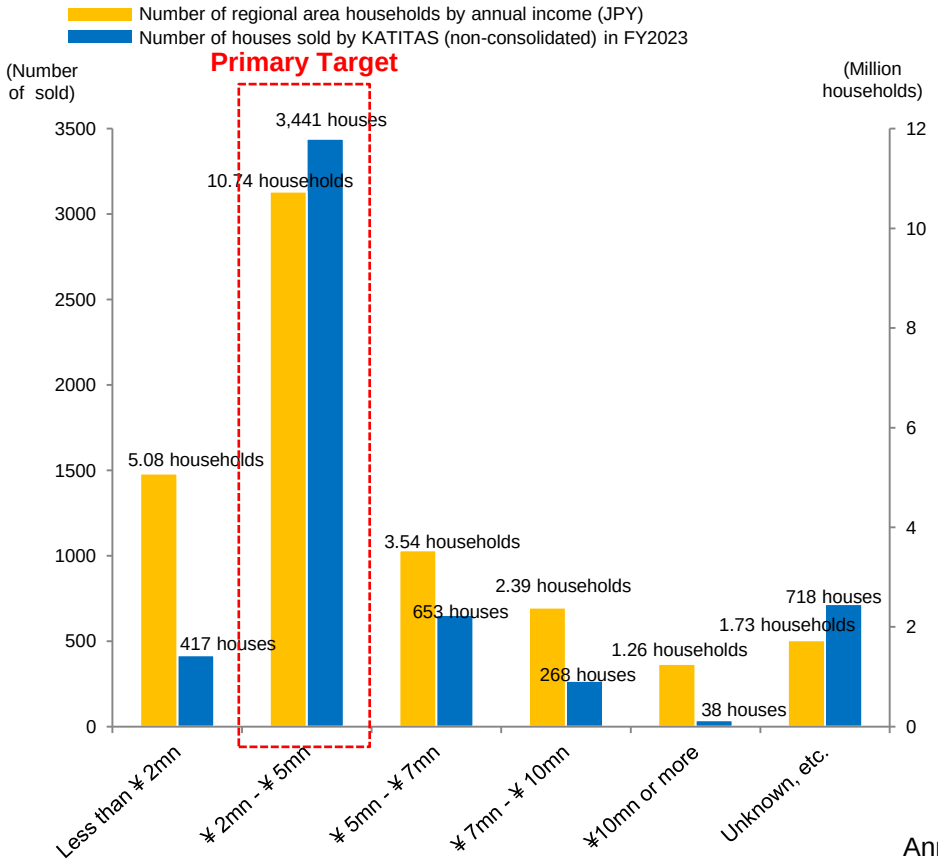
Source: Ministry of Internal Affairs and Communications,“2018 Housing and Land Survey (Revised Report)”

(1) Vacant houses include pre-owned properties and rental houses.
(2) Three Metropolitan Areas (defined by the Ministry of Internal Affairs and Communications): Tokyo area (Saitama, Chiba, Kanagawa and Tokyo prefectures), Nagoya area (Gifu, Aichi and Mie prefectures) and Osaka area (Osaka, Hyogo, Nara and Kyoto prefectures).
(3) Tokyo 23 wards and ordinance-designated cities within three metropolitan areas (Osaka-shi, Nagoya-shi, Kyoto-shi, Yokohama-shi, Kobe-shi, Kawasaki-shi, Chiba-shi, Saitama-shi, Sakai-shi, Sagamihara-shi).
(4) Areas within three metropolitan areas excluding Tokyo 23 wards and ordinance-designated cities same as above. (5) Pre-owned properties and rental houses are excluded from the calculation of vacant houses same as above.

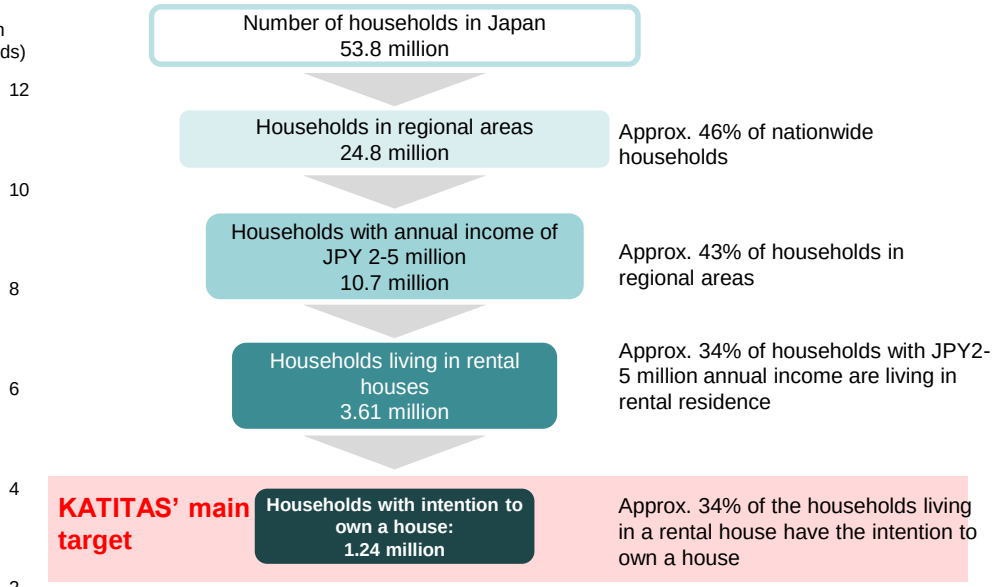
3. Fourth Housing Option in Regional Areas: Pre-Owned and Renovated Single-Family Houses

- KATITAS' primary target customer base consists of approximately 1.24 million households currently living in rental houses in regional areas, with annual income of JPY2-5 million and the intention to own a house
- Based on the assumption that there is demand for 124,000 units if the duration of the abovementioned families considering the purchase of housing units is 10 years.
- The number of properties sold by KATITAS in FY2023 was 5,535, which is equivalent to around 4.5% of the estimated market and many potential customers still exist.

Customer Group by Annual Income and Macro Environment



Large Potential Customer Base



Based on the assumption that the duration of considering the purchase of housing units is **10 years**.
⇒The size of the market including potential demand is estimated at about **124,000 houses** per year.

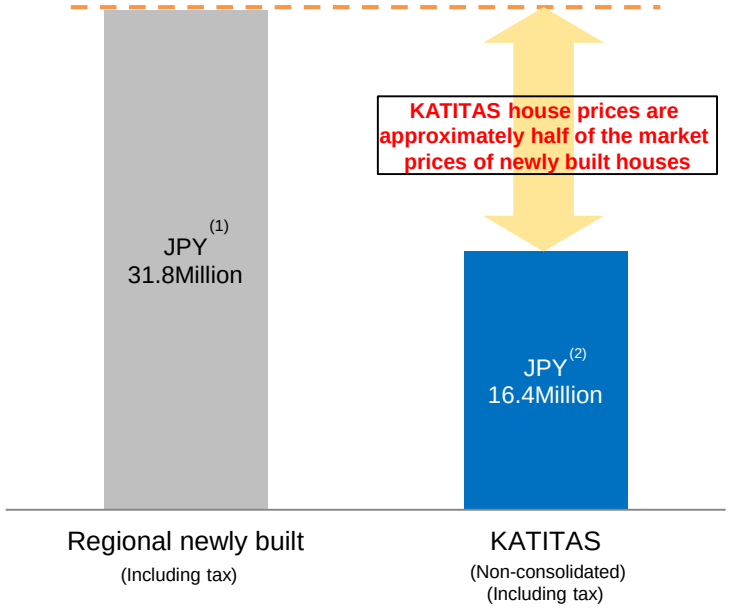
Annual number of houses sold by KATITAS: 5,535 (around **4.5%** of target)
⇒ There are still many potential customers

Sources: Ministry of Internal Affairs and Communications "2018 Housing and Land Survey (Revised Report)", Ministry of Land, Infrastructure, Transport and Tourism "2018 Comprehensive Survey on Housing and Living Environments"

3. Offering High-Quality Renovated Houses at Reasonable Prices

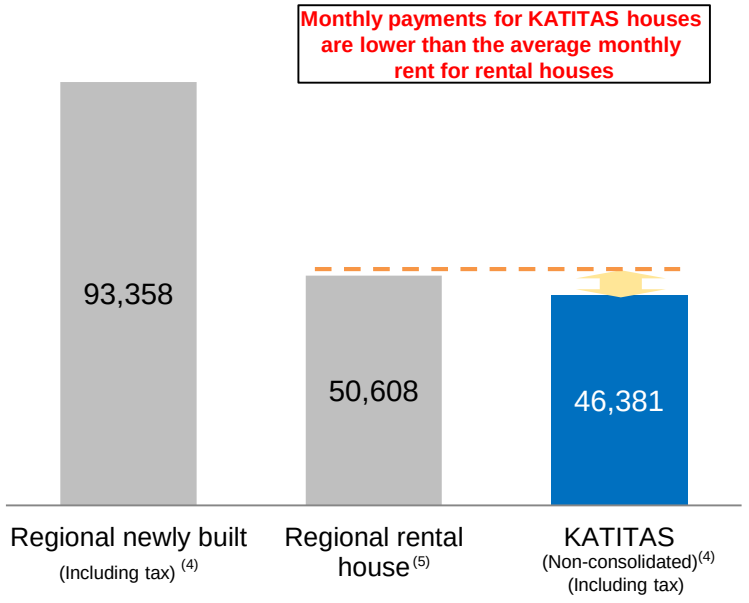
- KATITAS is able to offer renovated houses at roughly half the price of comparable newly built houses, that also offer lower monthly mortgage payments compared to renting
- Customers can purchase a home with a mortgage within their means, in accordance with the growth of their children and other life stages.
- Mortgage repayments will not increase as much as newly built houses even if interest rates were to rise.

Less Expensive than the Average Selling Price of Newly Built Houses UPDATE



Timing of transaction	From April 2023 to December 2023
Timing of construction	In April 2023 and after
Type	Building lot (land and building)
Total floor area (m^2)	Between 50 and 200
Use of building	Housing

Lower Payments than Rental Houses(3) UPDATE



Monthly repayment amount when mortgage interest rate rise

		Regional newly built	KATITAS
Mortgage interest rates	1.0%	¥ 93,358	¥ 46,381
	1.5%	¥ 101,261	¥ 50,308
	2.0%	¥ 109,555	¥ 54,428

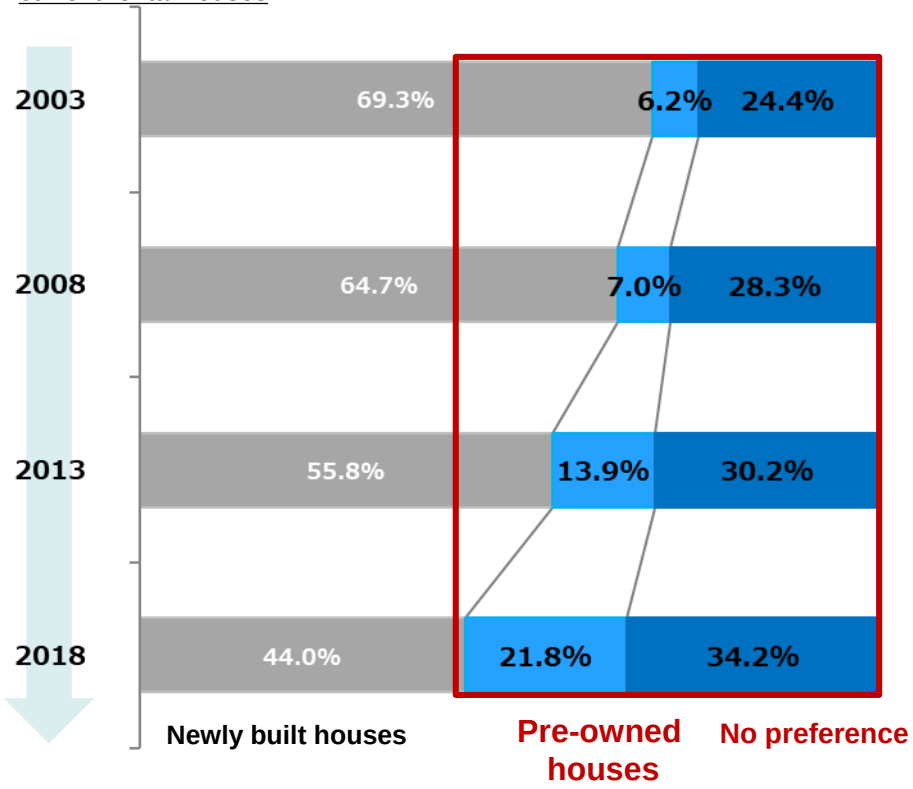
(1)Average prices (including tax) of newly built houses are surveyed under the screening method described above, based on the "Integrated System of Land Information" operated by Ministry of Land, Infrastructure, Transport and Tourism
(2)The average sales price of KATITAS is calculated based on the sale price of properties constructed during the period between April 2023 and March 2024.
(3) Monthly rent paid by households other than single-person households
(4) Payment amounts for Regional newly built and KATITAS are calculated based on the premise assuming that a buyer pays the average sale price under a 35-year loan with no initial down payment or other incentive payments at a fixed interest rate of 1.0% for the life of the loan
(5) Source: Ministry of Internal Affairs and Communications, "2018 Housing and Land Survey (Revised Report)"

3. Consumer Preferences Have Shifted Toward Accepting Pre-Owned Houses

- Increasing number of households with less preference for newly built houses and increasing preference for pre-owned houses even in the Japanese market where traditionally people tend to prefer newly built houses
- There is huge potential for more pre-owned houses to be distributed in the market if we can supply enough properties that are “clean and inexpensive.”
- The pre-owned housing market has been expanding in recent years and is expected to continue growing in the future.

Mindset Change toward Ownership of Pre-owned Houses

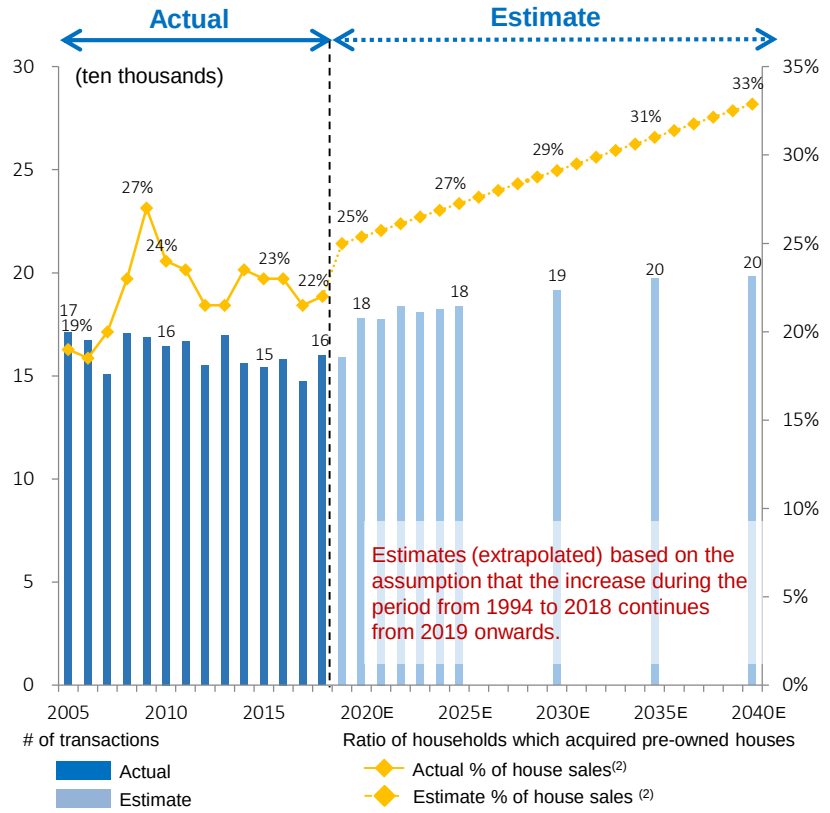
Survey of preference in moving to newly built or pre-owned houses from the current rental houses



Source: Housing Bureau of Ministry of Land, Infrastructure, Transport and Tourism, “Comprehensive Survey on Housing and Living Environments (2018)”

Increase in Transactions of Pre-owned Houses

Actual and estimated figures of transactions of pre-owned houses and ratio of households which acquired pre-owned houses from 2005 to 2018



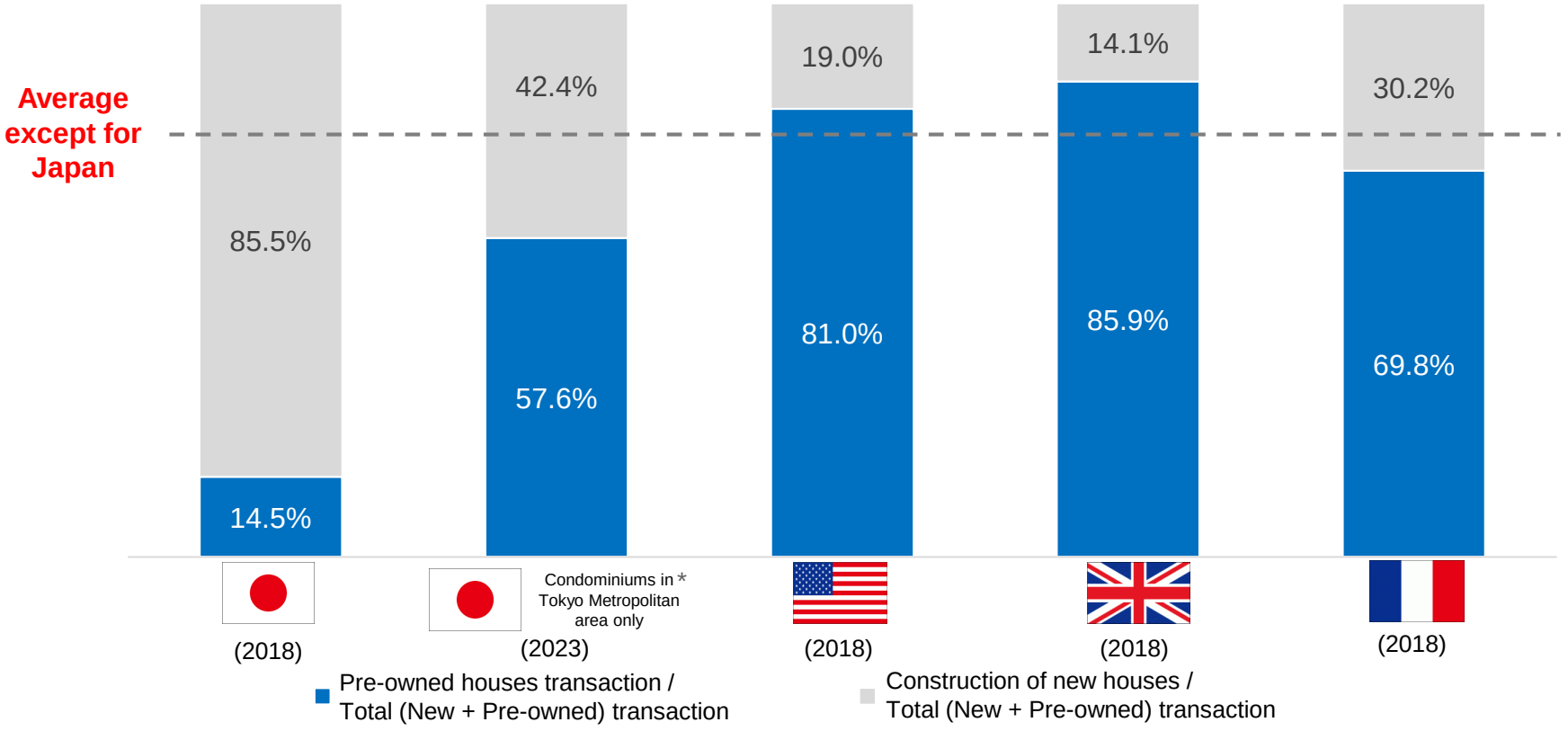
Source: Produced by KATITAS based on data in NRI’s June 9, 2022 press release claiming that new housing starts in 2040 are expected to decline to 490,000 units, while pre-owned houses in transactions will increase to 200,000 houses in 2040

(1) NRI estimates / forecasts based on Census, National Social Security and Population Research Institute "Forecast of number of Japan's households", Ministry of Internal Affairs and Communications, “Housing and Land Survey”, and NRI Questionnaire on housing purchasers
(2) Questionnaire by NRI : Ratio of households which acquired pre-owned houses (excluding newly built houses) out of households which acquired a house

3. Room for Growth in the Share of Regional Pre-owned Houses in Distribution

- Lower market share of pre-owned houses compared with United States and Europe
- In the Tokyo Metropolitan area, there are many “clean and inexpensive” used condominiums being supplied that their distribution volume has already surpassed that of new condominiums.
- By supplying “clean and inexpensive” detached houses in rural areas, we have a chance of capturing the untapped market for pre-owned houses.

Pre-owned houses Market Share - Japan vs United States and Europe



*Ratio of pre-owned condominium units under contract to new condominium units on the market.

Source: Ministry of Land, Infrastructure, Transport and Tourism, “Revitalization of the Pre-owned Housing Market” (May 7, 2020) / Real Estate Economic Institute “Nationwide New Condominium for Sale Market Trends 2023 (Annual Summary)” / Real Estate Information Network for East Japan “Trends in the Metropolitan Real Estate Distribution Market (2023)”

3. The Company's Customer Profile

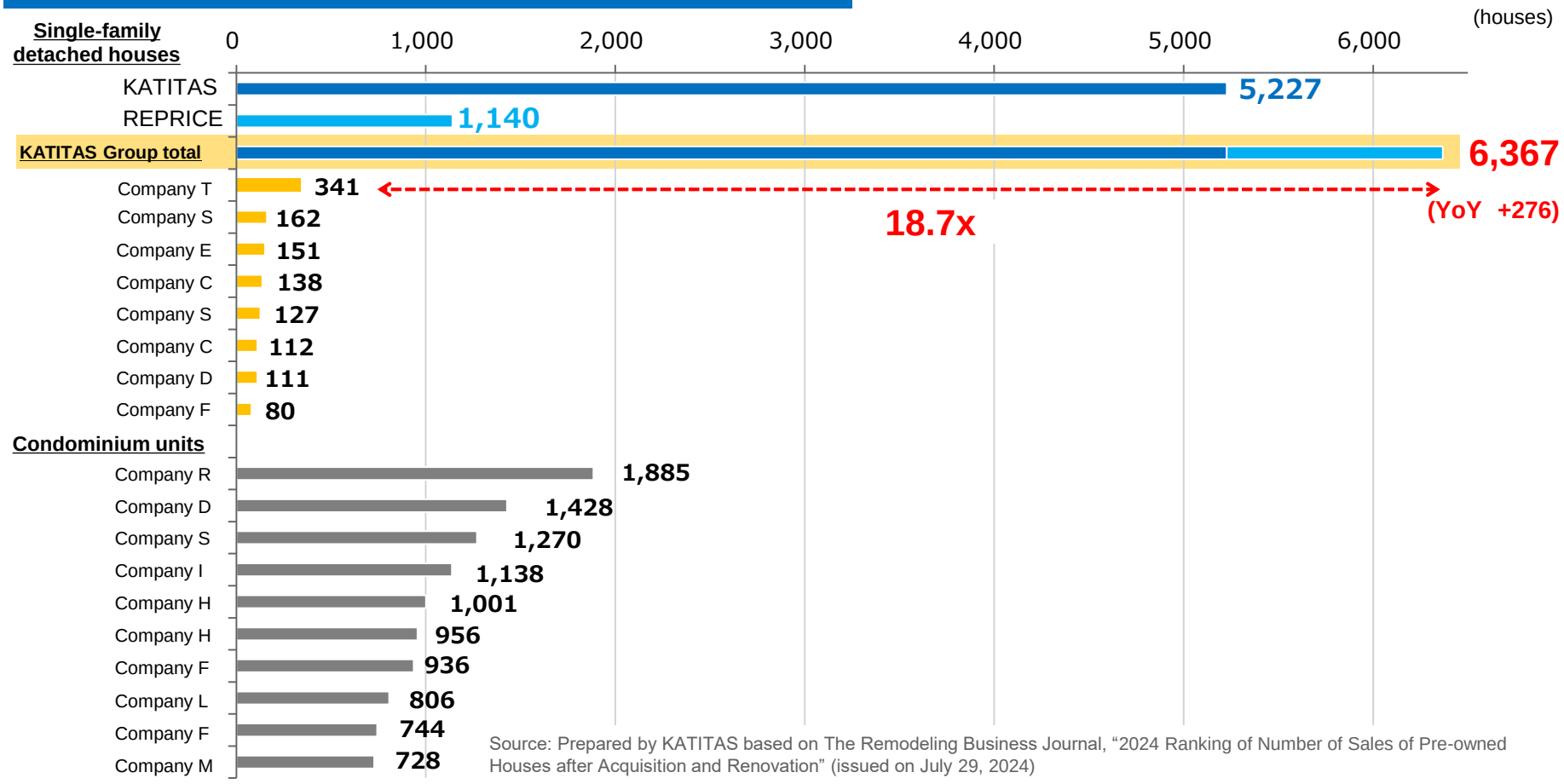
	Customer profile
Business area	**Suburban areas surrounding regional cities** (Targeting regions with populations of 50,000 – 300,000)
Properties handled	Mainly pre-owned single-family **detached houses** which have become vacant due to events such as inheritance
Average selling price	**JPY 16.4 million** (including tax)
Buyers' needs	**Actual demand** (our customers purchase the properties to live in rather than for investment)
Buyers' age range	**30s–50s** (67.6% of the Company's sales results)
Buyers' annual income	**JPY 2-5 million** (62.2% of the Company's sales results) (home loan to annual income ratio is 4.2) * Households with annual incomes between JPY 2-5 million are the largest volume zones in rural areas, excluding the three major cities.
Type of buyers' loan	**Mortgage**
Financial institutions with loan transactions	**Nationwide** regional banks, shinkin banks, credit associations and labor banks, etc.
Source of loan payments	Buyer's **flow income**

(1) Figures for average selling price, buyers' age range, and buyers' annual income are from cumulative results for the fiscal year ended March 31, 2024.
(2) Home loan to annual income ratio = selling price (including tax) / annual income
Annual income based on customer responses. Calculated excluding customers that pay in full in cash, customers with unknown income, and corporations.

3. Number of Houses Sold is Over 10 Times that of No.2 Ranked Company

- No.1 among House Reselling Businesses(1) in terms of number of units sold
- Established unique positioning by focusing on pre-owned single-family detached houses located in regional cities and Regional areas that competitors find challenging to bring to the market

Number of Units Sold by Major House Re-sellers (FY2023) UPDATE



Source: Prepared by KATITAS based on The Remodeling Business Journal, "2024 Ranking of Number of Sales of Pre-owned Houses after Acquisition and Renovation" (issued on July 29, 2024)

(1) A "Housing Reselling Business" is defined as one conducted by certified "building lot and transactions" dealers with extensive know-how in renovation so as to efficiently and effectively improve the quality of existing house inventory (Requests for FY2016 Tax Reform (Special Measures Concerning Taxation))

3. Our Greatest Strength is the Know-How We Accumulated by Selling a Cumulative Total of 70,000 Houses. We Approach Even the Tedious Details with Persistent Care, While Managing Risks to Minimize Failures.

- KATITAS has accumulated a stock of “failure cases” through purchasing and selling more than 70,000 houses. These cases frequently occur as a result of errors made at the time of purchasing. Failure cases are shared with branches nationwide on a weekly basis.
- Before purchasing, in addition to clarifying the boundaries with adjacent land, KATITAS conducts “three-party on-site meetings” with the renovation contractor and termite exterminator. The three parties will check the entire house to ascertain whether the building has deterioration in the frame, or a history of roof leakage.
- KATITAS will also carry out extensive inspections both during renovation and at the time of completion, in order to minimize failures and problems that may occur after the property has been delivered.

Examples of Pre-purchase Inspections: Inspections concerning Three Major Risks Associated with Older Detached Houses

Termite Risk



The termite exterminator performs an inspection of the underfloor space looking for evidence of termite damage. This avoids unexpected renovation costs, and reduces the risk of procuring a property that is difficult to renovate

Rain Leakage Risk



The renovation contractor will check the entire frame of the building including the roof space looking for evidence of roof leaks and pests. These inspections increase the accuracy of renovation cost estimates.

Risks Associated with Property Rights



A land survey is conducted on every project. This provides comfort to the buyer. Land surveys are unnecessary for pre-owned condominiums.

Examples of cases which required major repair after purchasing or after sale



Unstable foundations were discovered after purchasing. This needed to be repaired before sale which led to additional costs.



Case in which subsidence under the floor was discovered after purchasing. A major rebuilding of the foundation was necessary.



Case in which the roof leaked after sale. A full repair was carried out under the warranty against defects.



Case in which deterioration in roof materials was noticed after sale. As a partial repair was not possible, the entire roof had to be replaced.

●KATITAS regards these failure cases as the “assets of the company,”. They are shared with the entire company on a weekly basis to prevent recurrences (= minimize risk)

●Nevertheless, unsaleable properties are occasionally procured due to unexpected defects.

3. Barriers to Entry and Competitive Advantages of Our Business Model: Economies of Scale Do Not Apply Because Renovations Vary From One House to Another

Entry Barrier

Individual property characteristics

Property conditions are extremely varied
Even with properties built by the same home builder, the deterioration of properties differs based on the location and maintenance.

Economies of scale do not apply
In addition to the individual characteristics of the homes themselves, extreme differences in the levels of deterioration make standardized reforms difficult, and economies of scale do not easily apply.

Regional characteristics

Lifestyles by region
Lifestyles differ throughout Japan with its heavy snowfall regions and hot and humid regions, meaning thorough regional knowledge is required to respond to customer needs.

Differing business environments
The presence of competition as well as the number and level of partner companies such as contractors and other licensed professionals differ by region.

We will create our own unique positioning by properly managing the balance between "standardization" and "individual solutions"

Competitive Advantage

Standardization policies

●**Preparation and weekly updates of manuals**
～Organize individual work processes including purchasing, reforms, and sales in detail.
Create manuals for renovation contractors as well.

●**Standardization of knowledge**
～Collect information on good knowledge and bad knowledge through weekly business condition reports.
Standardize and disseminate solution methods to workplaces through weekly company-wide morning video conferences.

●**Checking system at headquarters**
～Check the contents of contracts and reforms at headquarters from a third-party perspective.

Individual solutions policies

●**Sales staff oversees every phase of the business flow**
～By overseeing every phase from the property acquisition to reform plans to sales, the sales staff takes responsibility for everything from property quality to customer support.

●**Hire personnel with ties to each region throughout Japan**
～Hire "exceptional students wishing to work for the region" at local universities and establish positioning as a company that works for the region.

●**Compensation system not reliant on results**
～Compensation system based on fixed salaries to allow employees to work for a long time and accumulate the benefits of experience.

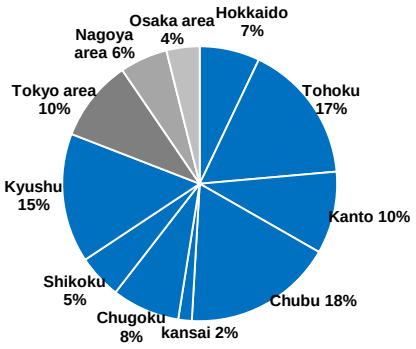
- Accumulate "experiences of success and failure" based on the results of more than 70,000 properties
- By focusing on regional cities and the middle-income range, we will build a platform that, unlike metropolitan city center and high-end markets, is resistant to market conditions
- Detailed management by a management class with diverse backgrounds

3. Nationwide Branch Network and High Brand Recognition

- KATITAS maximizes purchasing and sales opportunities by covering geographic areas not or rarely accessed by competitors, including small- and medium-sized cities with populations between 50,000-300,000
- KATITAS has No.1 brand recognition in regional areas

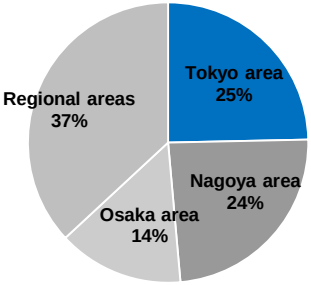
Nationwide Branch Network

KATITAS: Sales by area[1][2]
(FY2023, based on number of units)



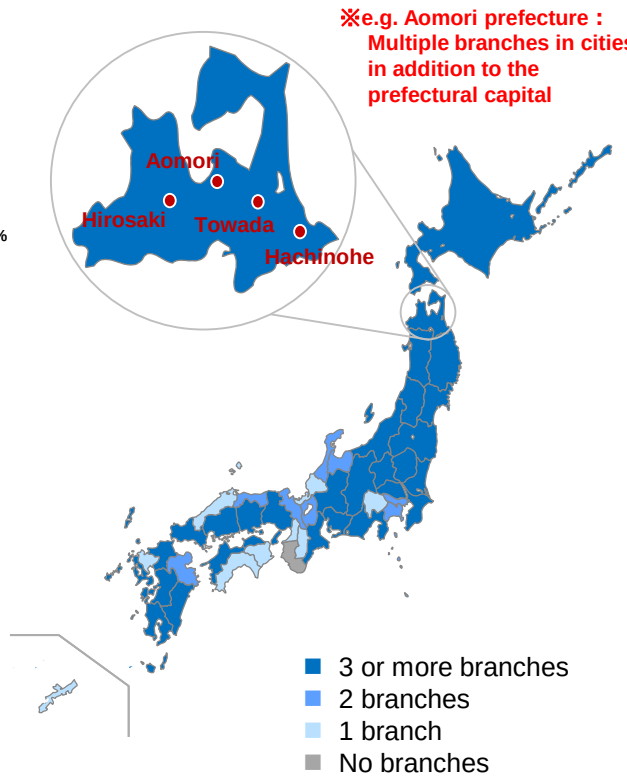
*Number of properties sold (FY2023): 5,535

REPRICE: Sales by area[2]
(FY2023, based on number of unit)



*Number of properties sold (FY2023): 1,634
*"Regional areas" are other areas than the "three metropolitan areas"[2]

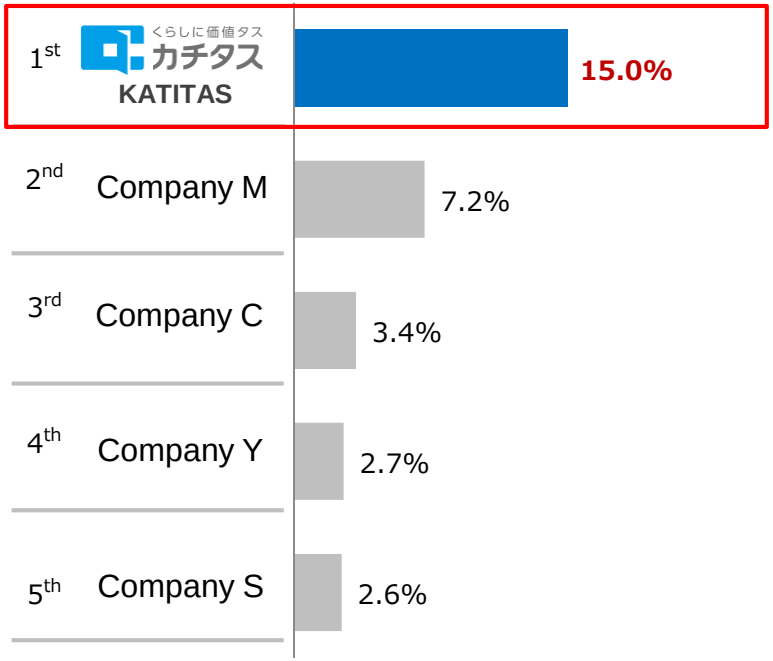
Branch Locations[3] of KATITAS
(As of March 31, 2024)



High Brand Recognition in Regional Areas UPDATE

Survey on Brand Recognition[4]

Q. "Which company comes to mind if you are asked about a company to which one could sell a house?"



Source: Web-based survey without presenting answers options in June 2024 conducted by a third-party research firm requested by KATITAS. The number of samples of each survey was 1,100. 10 prefectures were selected as target survey areas and the surveys were conducted in rotation. The above chart shows aggregated results of prefectures where KATITAS TV commercials were aired

(1) Tohoku: Aomori, Iwate, Miyagi, Akita, Yamagata and Fukushima prefectures. Kanto: Ibaraki, Tochigi and Gunma Prefectures. Chubu: Niigata, Toyama, Ishikawa, Fukui, Yamanashi, Nagano and Shizuoka prefectures. Kinki: Shiga and Wakayama prefectures. Chugoku: Tottori, Shimane, Okayama, Hiroshima and Yamaguchi prefectures. Shikoku: Tokushima, Kagawa, Ehime and Kochi prefectures. Kyushu: Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima and Okinawa prefectures.
(2) Three Metropolitan Areas (defined by the Ministry of Internal Affairs and Communications): Tokyo area (Saitama, Chiba, Kanagawa and Tokyo prefectures), Nagoya area (Gifu, Aichi and Mie prefectures) and Osaka area (Osaka, Hyogo, Nara and Kyoto prefectures)
(3) Branch list is explained in detail on P.48
(4) Surveyed areas in June 2024 were Akita, Fukushima, Nagano, Ishikawa, Yamaguchi, Ehime, Miyazaki, Kagoshima prefectures (where TV commercials were aired), as well as Ibaraki and Kyoto prefectures (where no TV commercials were aired)

3. Our Advantage Over Competitors is an Organic and Integrated Ecosystem

- The strength of KATITAS' business model is as a strong, organically integrated collective, and not in individual, exceptional strengths.
- Build a highly unique business model that cannot be easily imitated by competitors.

Nationwide network of more than 130 stores

As of March 31, 2024 : 134 stores

Network of local contractors

FY2023 : 1,289 partner contractors

●● Prefecture ○○ City　◆◆ Prefecture ◇◇ City

Knowhow based on results from a total of 70,000 properties



Raising brand awareness through TV commercials



くらしに価値タス
カチタス
KATITAS

Broker network in purchasing and sales

2,355 brokers
for purchasing in FY2023

Recruitment of new graduates with a focus on local hiring

April 2024 : 100 new graduates

Discounts through large-volume purchases



Extensive sales channels

Company website
Portal sites

Regional sales promotion

SELL

Registered customers

Promotional paper flyers

Note: Figures on this slide are for KATITAS on a non-consolidated basis.

3. KATITAS' Advantages in Supplying High-Quality Renovated Homes at Reasonable Prices

- Track record of dealing over 70,000 pre-owned single-family homes, leading to accumulation of know-how (Management of failure)
- Conducting efficient procurement and renovation by utilizing organized third parties such as builders and intermediaries
- Advantage in ability to procure vacant pre-owned homes that competitors are unable to acquire, utilizing our ability to judge, procure, plan and renovate

Accumulated Knowhow based on Track Record

Ability to assess property purchase risks

- ✓ Careful inspection and leverage track record to knowledgeably assess properties that on face might seem too risky for competitors to procure
- ✓ Purchase price determined with strong awareness of expected renovation costs and likely selling price

Ability to plan renovation work

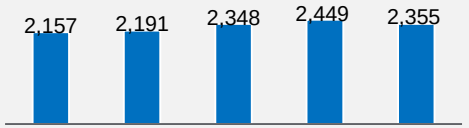
- ✓ Exploit renovation know-how to meet customer needs with a reasonable selling price
- ✓ Plan renovation to make purchased properties sellable, by addressing region specific needs
- ✓ Awarded by the Ministry of Economy, Trade and Industry as an Innovative Renovation Company in 2015(3)

Well-organized Third Parties

Ability to procure properties

- ✓ Form alliances with local brokers throughout Japan to gain strength of presence in local markets
- ✓ Stable procurement system

Number of partner intermediaries*

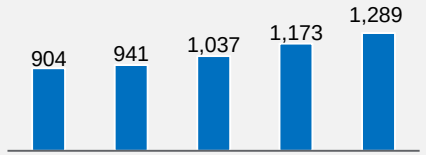


* Number of intermediary companies with which KATITAS concluded one or more purchase transaction annually

Ability to implement renovation work

- ✓ Entrust renovation work to partner contractors that are knowledgeable about KATITAS quality
- ✓ Efficiency and quality of renovation work

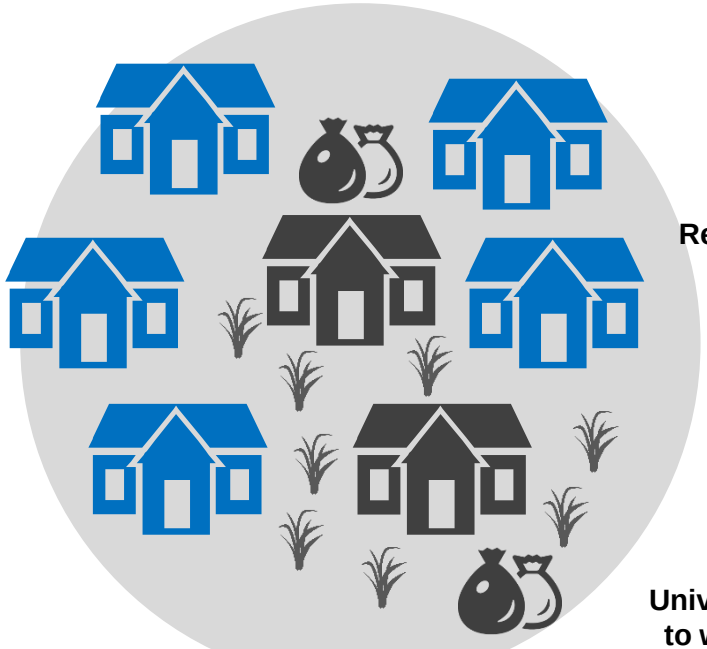
Number of partner contractors (1)



(1) The number of contractors and intermediary companies are on a non-consolidated basis
(2) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

3. KATITAS' ESG and SDGs : Contributing to Acquisition of Affordable Housing for Low- and Middle-Income Households

There are 9.00 million vacant houses nationwide, a large social problem



Vacant houses spoil the landscape and create concern over public safety



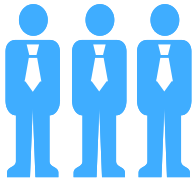
Various regional social problems including the aging population, young people leaving and the hollowing out of the economy

17 PARTNERSHIPS FOR THE GOALS



Renovation contractors

Creating employment



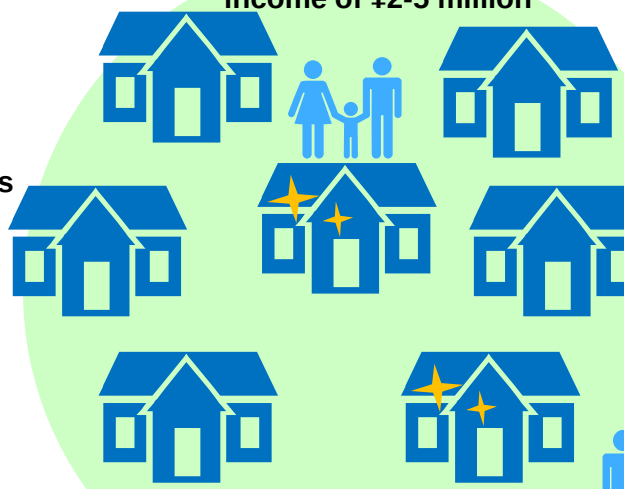
University students wishing to work for the community

8 DECENT WORK AND ECONOMIC GROWTH

Resolving the vacant house issue by renovating and distributing vacant houses

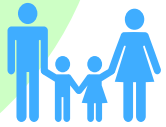
Affordable houses for people with annual household income of ¥2-5 million

1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING

Stimulation of the community



Work-Life balance

11 SUSTAINABLE CITIES AND COMMUNITIES



Population concentration in urban areas

*The UN's Sustainable Development Goals website：https://www.un.org/sustainabledevelopment/

3. KATITAS‘ ESG and SDGs: Status of Overall Initiatives

KATITAS’ pre-owned house renovation business

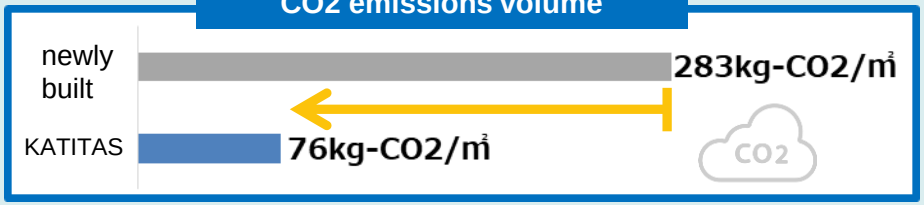


12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Scrap and build new houses



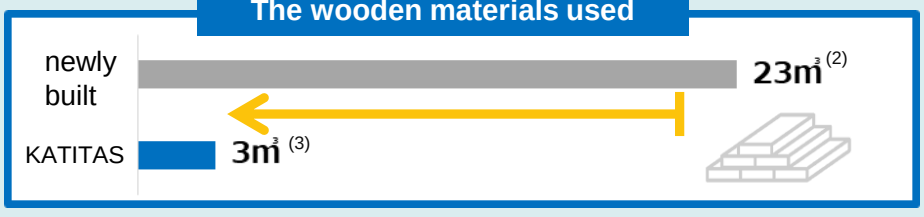
CO2 emissions volume (1)



7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

The wooden materials used



15 LIFE ON LAND

Independent outside directors: 1/3 of the total

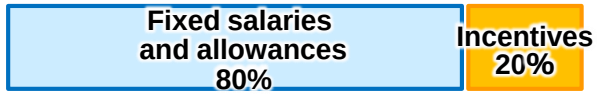
- ✓ Of those, three are Independent Outside Directors.
- ✓ Outside Director attendance ratio: 97.2% (4)
- ✓ Flat Board of Directors operations in which Directors can comment freely.



Salaries of sales employees are mainly fixed salaries

- ✓ Incentives make up a small percentage of salaries, which are less likely to become contributors to unreasonable sales activities and sales.

Wage system (5)



Weekly video conference connecting all branches nationwide

- ✓ Communication including failure cases and compliance.



The three reporting principles

- ✓ Thorough internal notifications on compliance awareness.

1. **Promptly** report trouble
2. **Report the bad** things first
3. **Do not lie**

- Voluntary Remuneration Advisory Committee
- Monthly partner meetings held with renovation contractors (KRP Meeting)
- Monthly human rights education

(1) Source: Kimoto, Ikaga, Hanaki, Shintani, and Noguchi (2009), "Projection of CO2 Emissions from Construction, Renovation, and Demolition of Housing to 2050"
(2) Source: "Current Status and Issues in the Forestry, Logging, and Timber Industry," Forestry Agency (March 2021)
(3) Our standard remodeling property results, constructed in December 2018
(4) Results for the fiscal year ended March 31, 2024
(5) Results for the fiscal year ended March 31, 2020
(for employees ranging from personnel in charge to sales department managers)

3. KATITAS‘ ESG and SDGs : Company Where Female Employees Can Take an Active Role

- KATITAS actively recruits and promotes women because operations to purchase houses and to remodel them are ones in which women can take an active role.
- KATITAS contributes to the revitalization of local regions through the creation of job opportunities for women, which is an issue in local regions and the suburbs where the Company operates.
- In June 2020, KATITAS was selected as a new constituent of the MSCI Japan Empowering Women Select Index.

Annual sales ranking of sales employees (FY2023 results)

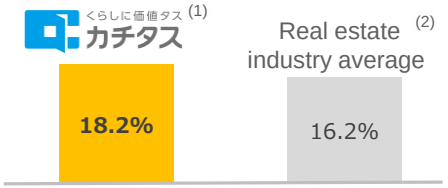




50% (10) of the company’s top-ranking sales personnel were women

Percentage of female managers(As of April 2024)





KATITAS also has a high percentage of women in managerial positions*1

Female employee ratio: 39.9% (As of April 2024)

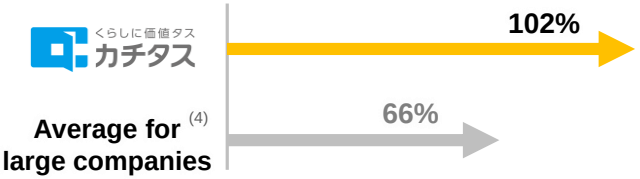




Many women interested in renovations and housing

Ratio of women and men in terms of average years of service (As of March 31, 2024) (3)

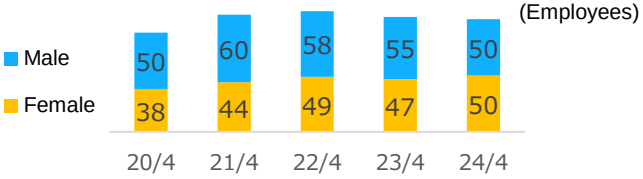




There is little difference in average years of service between men and women.

Breakdown of new-graduate recruits by gender





A high percentage of the company’s new-graduate recruits are women

Selected as a new constituent of the MSCI Japan Empowering Women Select Index

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF KATITAS Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF KATITAS Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

(1) Total number in management and supervisory roles, including KATITAS’s sales and administrative divisions
(2) Source: Teikoku Databank “Awareness Survey of Corporate Attitudes Towards Promotion of Women (2023)”
(3) Average years of service of female employees(6.7years) / Average years of service of male employees(6.5years)
(4) Average years of service of female employees(10.1years) / Average years of service of male employees(15.3years)
Source: The Ministry of of Health, Labour and Welfare "Basic Survey on Wage Structure (2023)"

Presentation Highlights

1.	Overview of Financial Results for the First Three Months of the FY2024 (Ending March 31, 2025)	P3-P12
2.	Management Plan for FY2024 (Ending March 31, 2025)	P14-P22
3.	Overview of Business Model	P24-P44
4.	APPENDIX	P46-P58

4. Company Summary

Name	KATITAS Co., Ltd.
Date of Establishment	September 1, 1978
Representative	Katsutoshi Arai, President and CEO
Fiscal Year-End	March 31
Capitalization	JPY 3,778,871,000
Number of outstanding shares	78,650,640 shares
Listed Stock Market	TSE Prime Market (Securities Code: 8919)
Headquarters	4-2 Mihara-cho, Kiryu-shi, Gunma
Tokyo office	PMO Hatchobori Shinkawa Bld., 2-9-11, Shinkawa, Chuo-ku, Tokyo
MSI Management Center	3-12 Kotohira-cho, Kiryu-shi, Gunma
Subsidiary	REPRICE Co., Ltd.

Name	REPRICE Co., Ltd.
Date of Establishment	June 19, 1996
Representative	Katsutoshi Arai, chairman and executive director Takayuki Ushijima, President
Fiscal Year-End	March 31
Capitalization	JPY 75,000,000
Headquarters	NF Bld., 1-9-16, Sakae, Naka-ku, Nagoya-shi, Aichi
Parent company	KATITAS Co., Ltd.

4. History

Date	Event
Sep. 1978	Established as Yasuragi Co., Ltd., in Kiryu, Gunma Prefecture with ¥10 million in capital to conduct the stone quarrying business
Dec. 1988	Acquired a real estate brokerage license and started the real estate sales and agency business
Aug. 1998	In line with the revised Civil Execution Act, established a business model of purchasing real estate at property auctions and selling refurbished properties
Mar. 1999	Opened the Takasaki Branch (later opened more regional branches, reaching a total of 134 as of March 31, 2024)
Feb. 2004	Listed on the Centrex Market of the Nagoya Stock Exchange
Mar. 2012	Tender offer for the Company's shares by Advantage Partners Inc., a private-equity fund
Jul. 2012	Delisted from the Centrex Market of the Nagoya Stock Exchange
Jul. 2013	Changed company name to KATITAS Co., Ltd.
Feb. 2016	Received the METI Minister Award for "Advanced Rehabilitation Remodeler" from the Ministry of Economy, Trade and Infrastructure
Mar. 2016	Acquired all shares of REPRICE Co., Ltd. (now a consolidated subsidiary)
Apr. 2017	Formed a capital and business alliance with Nitori Holdings Co., Ltd.
Oct. 2017	Received the 17th Porter Prize (sponsored by the School of International Corporate Strategy, Hitotsubashi University Business School)
Dec. 2017	Listed on the First Section of the Tokyo Stock Exchange
Mar. 2020	Due to stable growth post-listing, achieved consolidated operating profit of ¥10.0 billion
May. 2021	Cumulative number of homes sold by REPRICE surpasses 10,000
Apr. 2022	Listed on the Prime Market of the Tokyo Stock Exchange
May. 2023	Cumulative number of homes sold by KATITAS surpasses 70,000

4. KATITAS Group Branch List（All Own Branches）

Branches (As of Jun 30, 2024) UPDATE

KATITAS ⇒ **Nationwide network covering regional small- to medium- sized cities**

Hokkaido	**Kanto**	**Koshinetsu, Hokuriku**	**Kansai**	**Shikoku**
Sapporo	Mito	Nagaoka	Hikone	Tokushima
Otaru	Tsukuba	Niigata	Kusatsu	Takamatsu
Asahikawa	Shimotsuma	Joetsu	Fukuchiyama	Marugame
Iwamizawa	Hitachi	Shibata	Fushimi	Matsuyama
Kitami	Utsunomiya	Tsubamesanjo	Kobe	Saijo
Hakodate	Oyama	Toyama	Himeji	Uwajima
Kushiro	Nasu	Takaoka	Takarazuka	Kochi
Obihiro	Tochigi	Kanazawa	Akaho	
Muroran	Ota	Nanao	Nara	**Kyushu**
	Midori	Fukui		Fukuoka
Tohoku	Numata	Tsuruga (1)	**Chugoku**	Kita-Kyushu
Hirosaki	Takasaki	Kofu	Tottori	Kurume
Towada	Maebashi	Ueda	Yonago	Iizuka
Hachinohe	Kumagaya	Nagano	Izumo	Omuta
Aomori	Koshigaya	Matsumoto	Okayama	Fukuoka-Higashi
Morioka	Kawagoe	Ina	Tsuyama	Saga
Ichinoseki	Iruma	Suwa	Hiroshima	Sasebo
Hanamaki	Higashi-Matsuyama		Fukuyama	Isahaya
Sendai	Honjo	**Tokai**	Miyoshi	Nagasaki
Osaki	Mobara	Gifu	Higashi-Hiroshima	Kumamoto
Natori	Sakura	Tajimi	Yamaguchi	Yatsushiro
Ishinomaki	Kisarazu	Ogaki	Shimonoseki	Uki
Akita	Chiba	Shizuoka	Iwakuni	Oita
Yokote	Hachioji	Numazu		Nakatsu
Odate	Hon'atsugi	Iwata		Miyazaki
Yamagata		Fuji		Miyakonojo
Sakata		Nagoya		Nobeoka
Yonezawa		Toyohashi		Kirishima
Koriyama		Toyota		Kagoshima-Chuo
Iwaki		Matsuzaka		Satsumasendai
Aizu		Nabari		Okinawa
Fukushima		Yokkaichi		

Total 135 Branches

\+

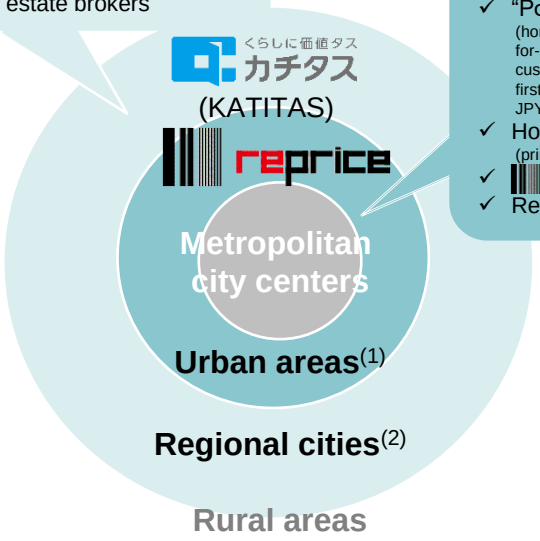
reprice ⇒**Focus on urban areas**

REPRICE Tokai	REPRICE Gifu
REPRICE Tokyo	REPRICE Kansai
REPRICE Kanagawa	REPRICE Chugoku
REPRICE Hokkaido	REPRICE Okayama
REPRICE Tohoku	REPRICE Shikoku
REPRICE Kita-Kanto	REPRICE Kyushu
REPRICE Shinshu	
REPRICE Shizuoka	

Total 14 Branches

Main types of house sellers
- ✓ Local home builders
- ✓ カチタス(KATITAS)
- ✓ Real estate brokers

Main types of house sellers
- ✓ Home builders
- ✓ “Power Builders”
  (home builders specializing in built-for-sale houses primarily targeting customers purchasing home for the first time in the price range of JPY20MM-30MM)
- ✓ House re-sellers
  (primarily condominium units)
- ✓ reprice
- ✓ Real estate brokers



(1) The branches newly opened in FY2024.

(1) Primarily regional cities and suburban areas in proximity to the three major metropolitan cities of Japan (Tokyo, Nagoya and Osaka)

(2) Suburban areas surrounding regional cities across Japan

4. (Ref)Shift from Auction Procurement to Direct Purchases (FY2016 Results)

■ Shift from procurement by auction to direct purchase has enabled us to alleviate difficulty in procurement, minimize price competition, reduce inventory turnover period, and minimize quality risk

	Residential properties procured mainly through auction	Residential properties procured mainly through direct purchase
Targeted portfolios	✓ Residential properties subject to auction due to owners' inability to repay housing loans, etc. ✓ Sold through courts	✓ Residential properties purchased from house owners directly or through housing brokers
Difficulty in procurement	✓ Anyone can participate in auction process ✓ Purchasing team is not required for negotiations with house owners → **Entry barrier: Low**	✓ Purchasing requires relationships with residential brokers and brand power ✓ Proposals and negotiations with house owners are required for sale (a strong purchasing team is essential) → **Entry barrier: High**
Price competition	✓ Supply volume is unstable and sensitive to economic circumstances ✓ Many participants in the market spurs price competition → **Gross margin ratio(2): Low (20.1%(1))**	✓ Stable supply volume backed by events such as inheritance and relocation of residence ✓ Negotiation-based transactions are less likely to cause price competition → **Gross margin ratio(2): High (25.7%(1))**
Inventory period	✓ Longer time for properties to be delivered after a successful bid → **Inventory period(3): Long (340 days(1))**	✓ Properties can be delivered shortly after purchase, which enables us to commence renovations promptly → **Inventory period(3): Short (177 days(1))**
Quality risk	✓ Preliminary inspection of properties prior to a bidding is not possible → **Risk related to quality of residence: High**	✓ Preliminary inspection of properties prior to purchase is possible → **Risk related to quality of residence: Low**

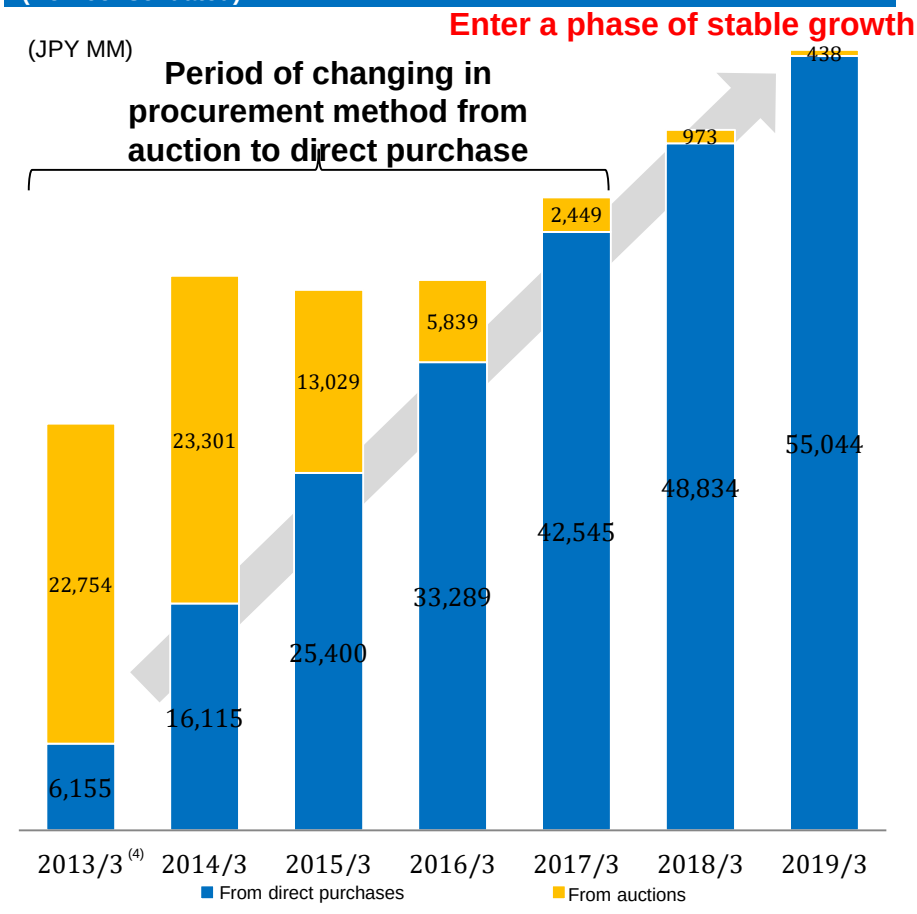
(1) Figures in brackets represent historical results of KATITAS on a non-consolidated basis (averages with respect to properties procured through auctions or direct purchases (FY2017/3))
(2) Gross margin ratio (Management accounting base): Gross profit ÷ Net sales
(3) Inventory period: Simple average number of days from the date procured to the date sold of each property

4. Increased Ratio of Properties Procured Through Direct Purchases as Compared to Auction Purchases Contributed to Rapid Growth in Sales and Gross Profit

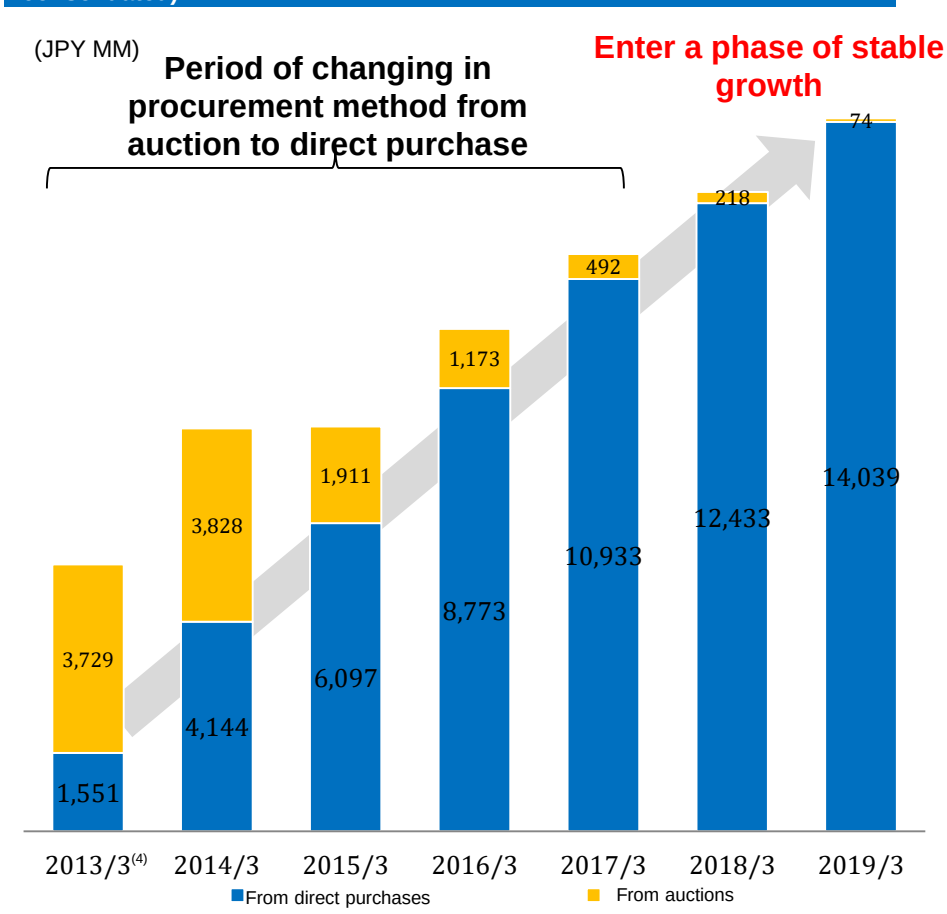
(Reposted from 4Q FY2018)

- KATITAS has largely shifted its property procurement method from auctions to direct purchases.(1) This drastic reform increased gross profit
- From the fiscal year ended March 31, 2018, KATITAS is likely to enter a phase of stable growth of around 10% annually

Historical Sales (2) Breakdown by Procurement Method (Non-consolidated)



Historical Gross Profit(2)(3) Breakdown by Procurement Method (Non-consolidated)



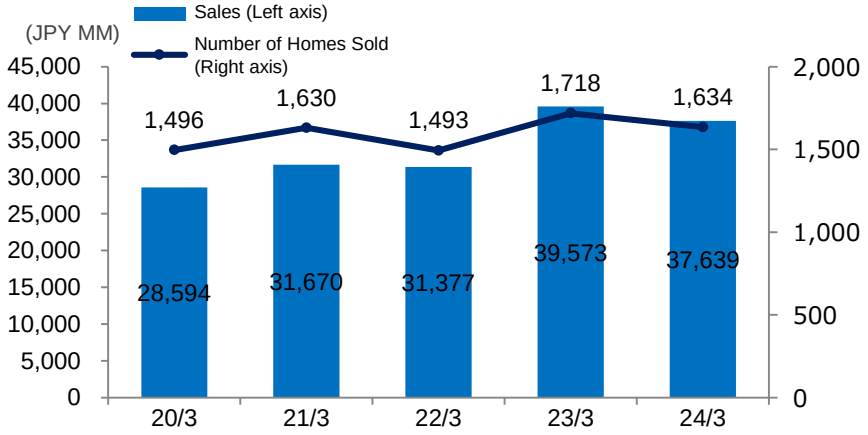
(1) Please refer to P.49 regarding the comparison between procurement through auctions and direct purchases
(2) Sales and gross profit are based on managerial accounting
(3) Gross profit from sales attributed to homes procured through auction and direct purchases is based on the procurement costs and renovation costs of the homes before appraisal loss, loss from lower-of-cost-or-market valuation, impairment loss and other minor adjustments
(4) During the fiscal year ended March 31, 2013, we changed the end of our fiscal year from January 20 to March 31 and as a result the fiscal year ended March 31, 2013 covers the approximately 14-month period from January 21, 2012 until March 31, 2013

4. Merger and Synergies with REPRICE

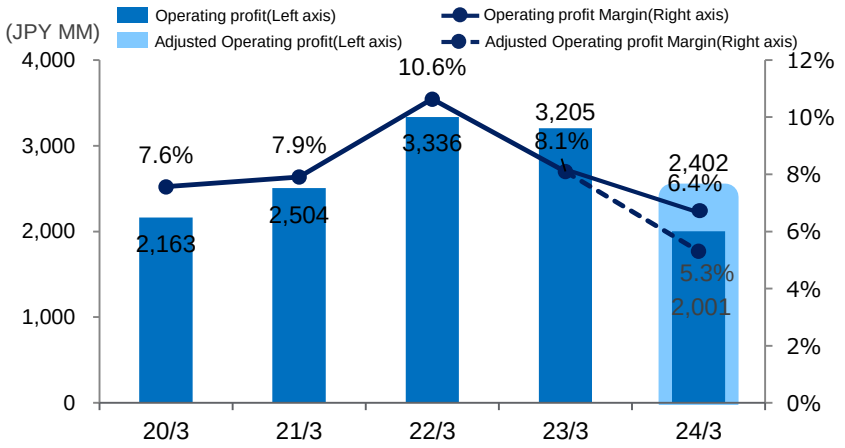
(Reposted from FY2023 4Q)

- In March 2016, we conducted a merger with REPRICE by acquiring 100% of its shares and thereby removed funding constraints, which was the biggest hindrance to REPRICE's growth.
- We injected our know-how to REPRICE and have effectively switched their purchase strategy from auction to direct purchase and shifted property types from condominiums to detached houses.
- Both sales and operating profit have increased since the merger. Unlike KATITAS' operations which are centered around rural areas, REPRICE's operations are in the suburbs of the three major metropolitan areas where there are competitors.

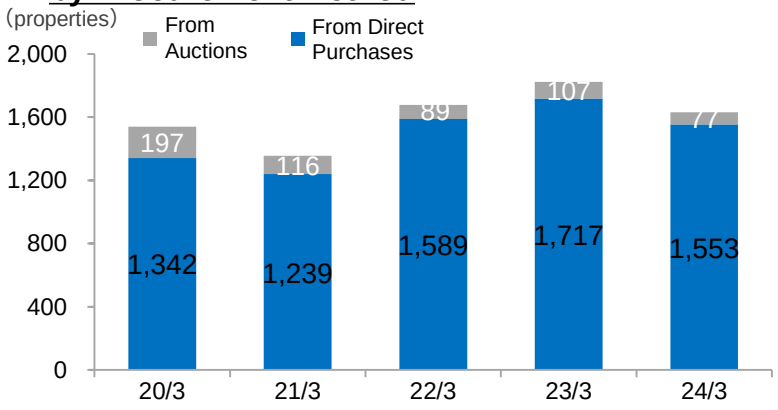
Sales and number of properties sold



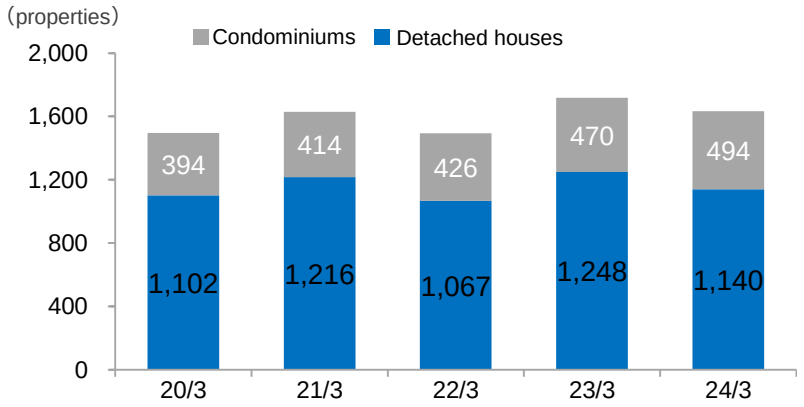
Operating profit and operating profit margin



Number of Houses Procured by Procurement Method



Number of sales by detached houses/condominiums



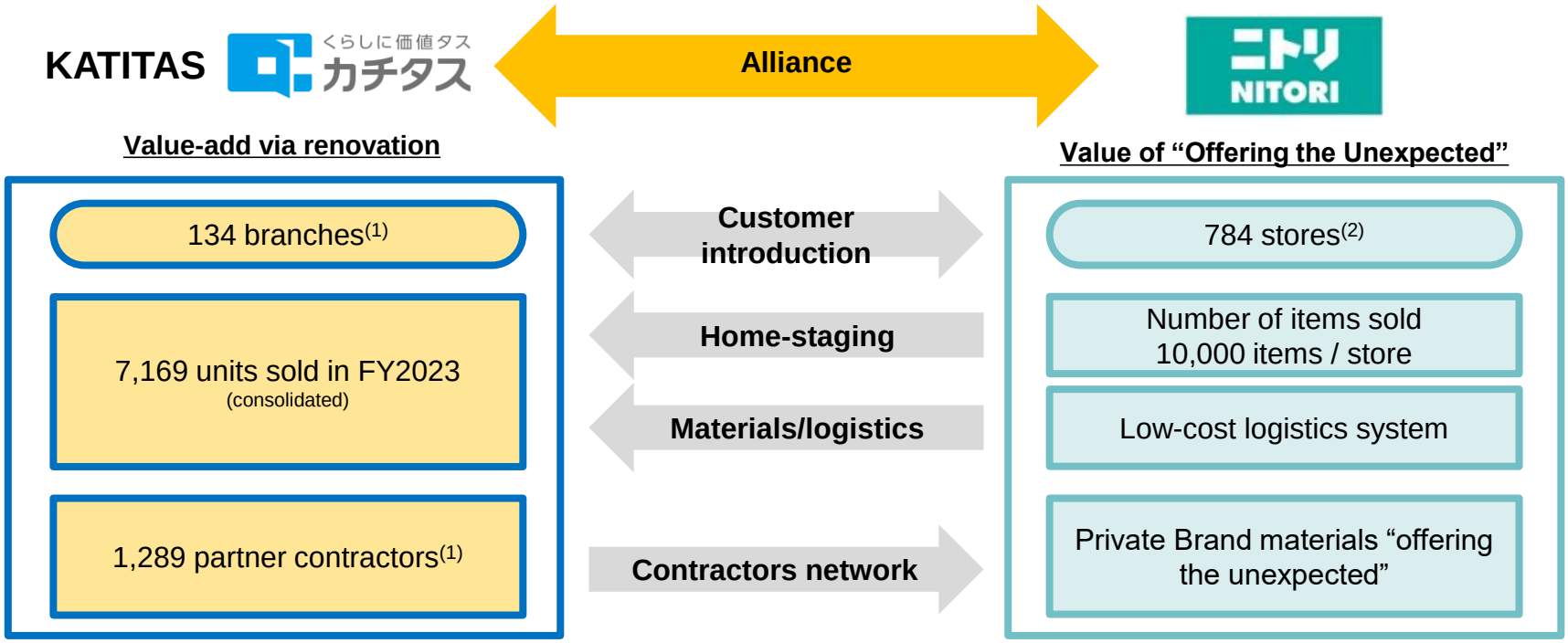
(1) For details on adjusted items, please see the Adjustment Item List on slide 10.

4. Alliance with Nitori Holdings (Announced on April 28, 2017)

- Advantage Partners transferred 34% of KATITAS' shares to Nitori Holdings for JPY23,300 MM
- KATITAS and Nitori entered into an alliance that aims to utilize their respective strengths to provide enriched and more comfortable living environments to their customers

Expected Synergies

From House Re-seller to Lifestyle Provider



(1) As of March 31, 2024
(2) Aggregate of "Nitori" stores, "Nitori Deco home" stores, "Nitori Express" stores and "Shimachu" stores in Japan (as of March 31, 2024)

4. Progress of Alliance-based Operations(1/2)

- Pre-owned houses fitted with Nitori furniture and interior items not only convey a more concrete image of the post-move lifestyle and living space to those considering purchasing, but also have the advantage to the purchaser of incorporating the expense into the home loan, so that there is no burden associated with the new lifestyle.
- Buyers of KATITAS Group properties will receive two coupons that multiply reward points received through purchases at NITORI by five.

Sales Service Offering and selling pre-owned houses fitted with Nitori furniture and interior items

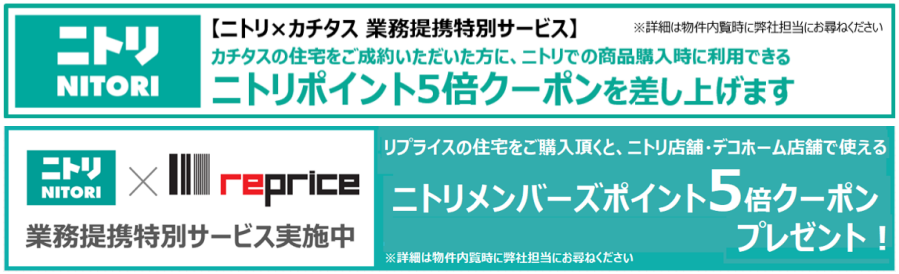




Sales Service Issuing coupons that can be used for purchases of Nitori products



Coupons provided to buyers upon conclusion of property contracts and upon delivery



Website banner announcing that coupons will be given

4. Progress of Alliance-based Operations(2/2)

- "VHS (Virtual Home Staging)" virtually installs Nitori furniture in KATITAS properties.
- This can be implemented more easily in terms of cost and furniture delivery logistics than showing a "furnished house".
- VHS increases the success rate, so using VHS before revising prices helps to curtail price reductions.

中古戸建 **1 Yokomori, Akita-shi, Akita (single-family homes)**

予約制見学会受付中 4月24日(土)

【リフォーム済】4月24日(土)予約制見学会開催(前日18時まで要電話予約) 5LDK。駐車場並列3台駐車可能。大家族におすすめの住宅です。







Selling Price
JPY 15.8MM
(Including tax)

Monthly payments
JPY 44,573

Land 325.98㎡ Building 125.85㎡ (5 bedroom + 1 bathroom)

現地見学会 パノラマ写真有り



Links to a 360° panorama allows viewers to take virtual tour of a property while moving the view around.



Switchable with one click



Currently, VHS is used mainly for living rooms

4. Unique Business Model to Add Value to Vacant Houses

- KATITAS adds value to under-valued vacant houses by renovating them for re-sale
- KATITAS' unique business model and its efforts to solve problems related to vacant houses in regional areas are highly regarded by external parties, as represented by the award given by the Ministry of Economy, Trade and Industry and the Porter Prize

Awarded by the Ministry of Economy, Trade and Industry as an Innovative Renovation Company in FY2015(1)

先進的なリフォーム事業者表彰
経済産業大臣賞



- Contribution made through purchasing/reselling pre-owned houses with a focus on regional single-family houses. Developed a framework to enhance customer satisfaction by minimizing renovation costs
- As an industry leader, not only tackling the empty house problem but also established its own construction quality standard which contributes to the soundness of the industry

Porter Prize in FY2017

PORTER PRIZE-2017 AWARD WINNER




KATITAS CO., LTD

The reasons awards were received can be viewed through the following URL or by double-clicking on the above icon.

http://katitas.jp/information/ir/file/2017porter_prize_Eng.pdf

- The prize is intended to recognize outstanding Japanese companies that implement **excellent competitive strategies**
- The prize bestows recognition on Japanese companies that have **achieved and maintained superior profitability** by implementing **unique strategies** based on innovations in products, processes, and ways of managing
- Reason for the award; (1) KATITAS renovates pre-owned houses in regional areas and sells them at price levels that make mortgage payments competitive with renting. (2) KATITAS continues its growth by providing high quality houses in regional areas where population is decreasing with limited supply of newly built houses

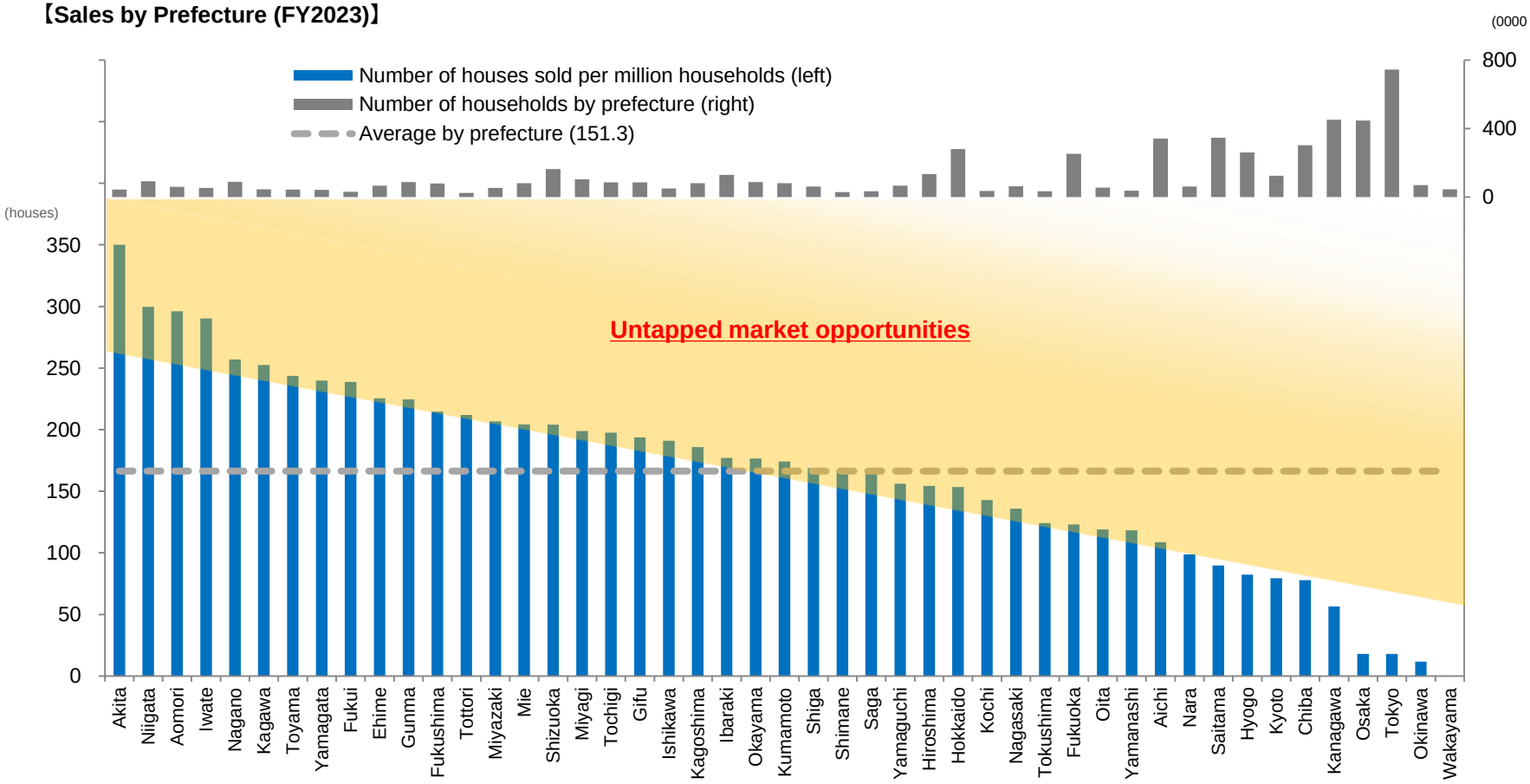
(1) Starting in 2014, METI has been granting annual awards to companies that address a variety of needs of consumers with the strengths of their unique business models

4. Untapped Market Opportunities

- Rural areas where the population is declining are more likely to see power builders* and new homebuilders pull out. Hence, the more rural a region is, the more attention our homes are getting.
- Prospective homebuyers in rural areas tend to have a lower income than those in the three major metropolitan areas, making it difficult for them to purchase expensive new homes.

Gap in Market Share by Region

【Sales by Prefecture (FY2023)】

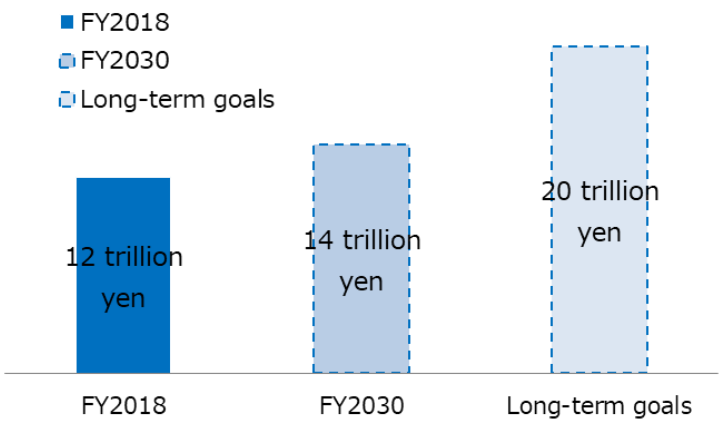


*Power builders: Home builders specializing in built-for-sale houses primarily targeting customers purchasing homes for the first time in the price range of JPY20MM-30MM.

4. Market Revitalization Backed by Governmental Policies

- The Government of Japan is making efforts to build a society in which real estate stock is efficiently used by expanding the market of pre-owned houses and renovation projects, with an aim to solve problems related to the rapidly proliferating number of vacant houses
- Specifically, reduction in the real estate acquisition tax has decreased procurement costs (on a scaled basis according to building age)

Japanese Government's Plan to Expand Market Size of Pre-owned Houses and Renovation Market (1)

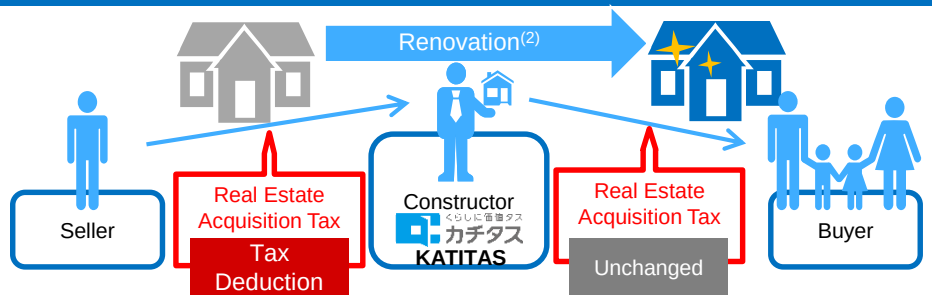


Government Plan

To accelerate residential stock utilization by promoting distribution of pre-owned houses and utilization of vacant houses

Important to support house resellers to effectively promote circulation of pre-owned houses

Specific Measures: Reduction in Real Estate Acquisition Tax Imposed on Resold Pre-owned Houses



Building
Tax relief according to building age(3)
→ To be reduced by 3% from tax base

Building Age (yy/mm/dd)	Deduction	Reduction
~Approx. 26 years (1997/4/1~)	JPY12MM	**JPY360k**
Approx. 27~34 years (1989/4/1~1997/3/31)	JPY10MM	**JPY300k**
Approx. 35~38 years (1985/7/1~1989/3/31)	JPY4.5MM	**JPY135k**
Approx. 38~43 years (1981/7/1~1985/6/30)	JPY4.2MM	**JPY126k**
Approx. 43~48 years (1976/1/1~1981/6/30)	JPY3.5MM	**JPY105k**
Approx. 48~51 years (1973/1/1~1975/12/31)	JPY2.3MM	**JPY69k**

FY2018 tax reform

Taxation on Land
- **JPY45,000 per building**
  or
- **Tax amount for the space of the doubled floor area (up to 200m²)**

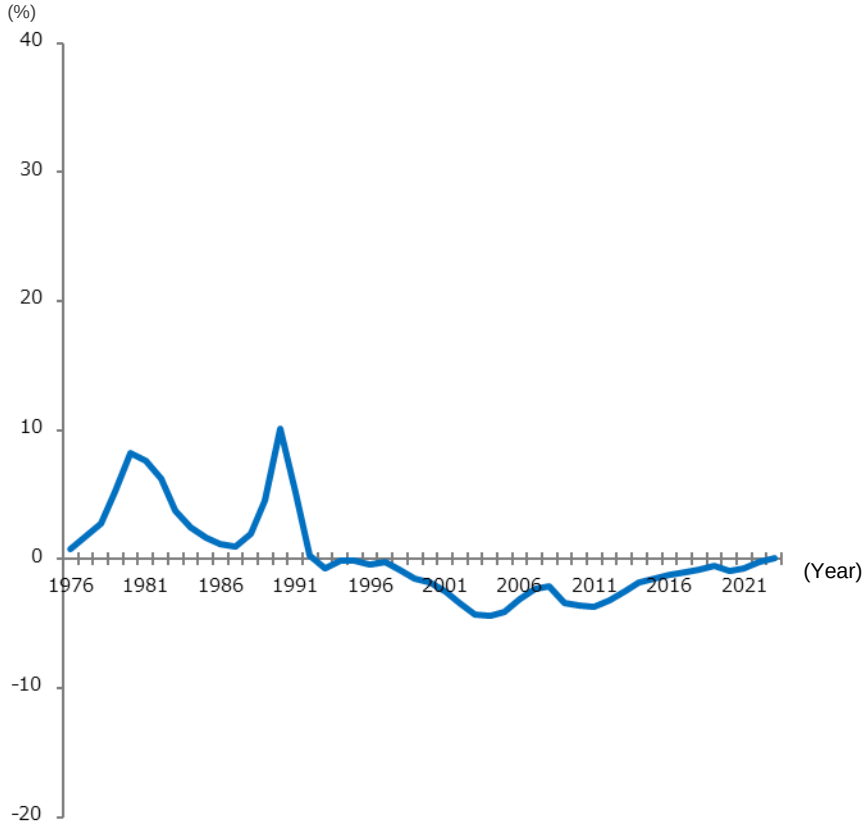
Tax burden reduction based on whichever is higher.
Enacted on April,2018.

(1) Source: Ministry of Land, Infrastructure, Transport and Tourism, Housing Bureau, Housing Policy Division "Housing Policy Basic Plan (Nationwide) (Full Text)" (March 19, 2021)
(2) Quake-resistance, energy-saving, barrier-free, water facilities
(3) Building age as of March 31, 2024

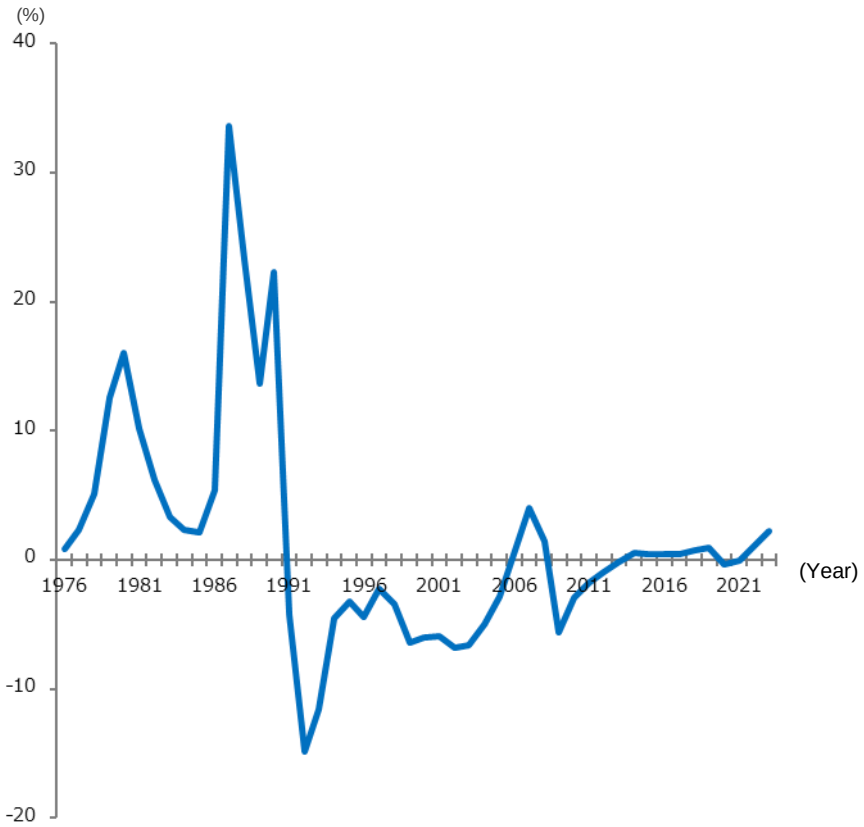
4. Trends in Land Prices - Regional Areas vs Three Metropolitan Areas

- As land prices in regional areas fluctuate based on actual demand, the level of volatility is lower than that in urban areas.
- In addition, with the trend of stable and low land prices, fluctuations in land prices have a limited influence on prices of residential properties in regional areas.
- As a result, buying and re-selling residential properties in regional areas is less subject to market volatility.

Trends in land prices of residential districts in regional areas, compared to the previous year



Trends in land prices of residential districts in the three metropolitan areas, compared to the previous year



Source: Ministry of Land, Infrastructure, Transport and Tourism, “Survey of Land Prices by Prefecture”

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Throughout this presentation, unless otherwise specified, FY refers to the fiscal year ended March 31 of the following year (for example, FY2020 refers to the fiscal year ended March 31, 2021).

In this presentation, unless otherwise specified, references to our “homes” include single-family detached houses and condominium units that KATITAS acquires, renovates and resells as part of its business. Data presented for “homes” is on a gross basis, excluding home returns.

This is a partial English translations of the original Japanese version prepared only for the convenience of shareholders residing outside Japan. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

On March 30, 2016, KATITAS completed the acquisition of REPRICE Co., Ltd. (“REPRICE”) and its two wholly owned subsidiaries (Comprehensive Urban Development Corporation and Arctive Co., Ltd.), and REPRICE became a wholly owned subsidiary of KATITAS as of the same date. Because the date of the acquisition of REPRICE was deemed to be March 31, 2016 for accounting purposes, the consolidated balance sheet of KATITAS as of March 31, 2016 reflects the consolidation of REPRICE but the consolidated results of operations of REPRICE for the period from March 30, 2016 to March 31, 2016 are not reflected in KATITAS’ consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year ended March 31, 2016. On September 2, 2016, KATITAS sold all of the shares of Comprehensive Urban Development Corporation, and on September 30, 2016, KATITAS sold all of the shares of Arctive Co., Ltd. to third parties. Due to the consolidation of the results of operations of REPRICE and its subsidiaries in KATITAS’ results of operations for the fiscal year ended March 31, 2017, KATITAS’ results of operations for that fiscal year are not directly comparable to the results of operations for prior fiscal years. Further, prior to the completion of the acquisition of REPRICE on March 30, 2016, KATITAS did not have any subsidiaries